THE WALL STREET JOURNAL.

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What's News

Business & Finance

China's Xi is laying out a major initiative to accelerate the country's shift toward more reliance on its domestic economy, as the world remains in recession and tensions with the U.S. deepen. **A1**

◆ **A steady rally** in stocks has pushed the S&P 500 to the cusp of its first record close since the pandemic brought the economy to a halt. **A1**

◆ **Fannie and Freddie said** they would impose a new fee to insulate themselves from losses on refinanced mortgages they guarantee. **A2**

◆ **Goldman is bidding** to replace Capital One as GM's credit-card issuer. Barclays is also in the running. **B1**

◆ **Lyft reported** a dramatic drop in riders and revenue for the second quarter. **B1**

◆ **The SEC and FBI are** examining investments sold by the online platform YieldStreet. **B1**

◆ **Cisco said** it would adjust investment plans and pursue deep cost cuts amid shifting customer priorities. **B4**

◆ **Simon and Brookfield** have teamed up and are in advanced talks to buy J.C. Penney's retail operations. **B3**

◆ **U.S. consumer prices** rose in July, a sign of firming inflation as demand for goods rebounded. **A2**

◆ **The U.K. economy** shrank 20.4% in the second quarter, taking the worst hit from the coronavirus in Europe. **A7**

◆ **Tencent played down** threats from potential U.S. curbs on its WeChat app as the Chinese firm posted better-than-expected results. **B4**

World-Wide

◆ **The choice of Harris** as Biden's running mate drew plaudits in interviews with leaders in business and finance, who said they expect her to be a moderate voice committed to rebuilding the economy if the ticket is elected. They expect her to take some swings at Wall Street. **A1, A5**

◆ **A standoff** between Democrats and Republicans over another coronavirus-relief bill showed no signs of abating, as talks threatened to stall until next month. **A3**

◆ **The federal deficit** more than tripled in the first 10 months of the fiscal year, as spending to combat the coronavirus continued to outpace tax collection. **A2**

◆ **The U.S. reported** more than 46,000 new coronavirus cases, its lowest new daily tally since Aug. 3. **A4**

◆ **The U.S. is readying** sanctions against some prominent Lebanese figures in a bid to weaken Hezbollah's influence after last week's deadly blast in Beirut. **A16**

◆ **Taiwan's president** said she wants to begin talks on a free-trade agreement with the U.S. **A7**

◆ **U.S. agriculture officials** said they are working with China to determine who is sending mysterious seed packages to U.S. residents. **A3**

◆ **A businessman** whose tip led the government to unravel the college-admissions scam was sentenced to prison in a separate case. **A3**

◆ **Died: Sumner Redstone**, 97, built a media empire. **B1**

CONTENTS

Arts in Review	A11
Business News	B3,5
Capital Account	A2
Crossword	A12
Heard on Street	B11
Markets	B10
Opinion	A13-15
Personal Journal	A9-10
Sports	A12
Technology	B4
U.S. News	A2-6
Weather	A12
World News	A7,16

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CAROLYN KASTER/ASSOCIATED PRESS

Former Vice President Joe Biden and Sen. Kamala Harris made their first appearance as running mates Wednesday.

Harris Draws Plaudits From Wall Street as Biden's Pick

By Emily Glazer And Liz Hoffman

When Joe Biden announced Sen. Kamala Harris of California as his vice-presidential pick, he pointed to her tough-on-banks record. Much of Wall Street cheered anyway.

The warm welcome in interviews reflects some relief that in choosing Ms. Harris, Mr. Biden has—for now at least—fended off the more progressive wing of the Democratic Party that has called for tougher financial regulation.

During her own presidential campaign, Ms. Harris managed to impress a Wall Street set that tends to be fiscally conservative and socially liberal. With Ms. Harris as Mr. Biden's running mate, they see a noncontroversial partner—closely aligned with him on issues they care most about—and an asset with big donors.

About half a dozen leaders in business and finance said they expect Ms. Harris, if elected, to be a moderate voice committed to rebuilding an economy upended by the coronavirus pandemic. They expect her to take some swings at Wall Street; as California attorney general, she helped take big banks to task for their role in the foreclosure crisis and she has proposed taxing financial transactions to pay for a health-care overhaul. But they aren't concerned that that would dramatically affect their business.

"I think she is a reasonable, rational person who has worked in the system," said Bill Daley, Wells Fargo & Co.'s head of public affairs and a former chief of staff to President Obama. "Is she a progressive? Yes. Is she someone who wants to burn the building down? No. I think she wants to strengthen the building."

Mr. Biden and Ms. Harris made their public debut as running mates Wednesday at a school gymnasium in Wilmington, Del., with Mr. Biden praising the 55-year-old Californian as "a proven fighter

Please turn to page A5

◆ Biden-Harris ticket makes public debut A5
◆ Running mates differed on some policy stances A5
◆ Senator has financial, other ties to Silicon Valley A5

Beijing Sharpens Focus on Domestic Economy

Amid global downturn, frayed ties with U.S., Xi prioritizes shift away from foreign markets

By Lingling Wei

For decades, Chinese leaders embraced foreign investment and exports to power China's economy. Now, with the world in recession and U.S.-China tensions deepening, President Xi Jinping is laying out a major initiative to accelerate China's shift toward more reliance on its domestic economy.

The new policy is gaining urgency as Chinese companies, including Huawei Technologies Co. and ByteDance Ltd., face increasing resistance in foreign markets, Chinese officials said.

In speeches to senior government officials since May, Mr. Xi has trotted out the new strategy, translated as "domestic circulation," prioritizing domestic consumption, markets and companies as China's main growth drivers. Investments and technologies from overseas, though still desirable, would play more of a supporting role.

The concept remains vague in detail, and the notion of empowering Chinese consumers in particular has been around for some time.

As with many top-level slogans in China, Mr. Xi's new development model is meant to guide policy makers and local leaders and result in meaningful changes. The goal is to make China far less dependent on foreign firms, technology and markets, though doing so won't be easy, especially when

Please turn to page A6

◆ Taiwan seeks to deepen trade ties with U.S. A7

S&P 500's Rise Puts It Just Short Of Precrisis Record

By Ben Eisen And Sam Goldfarb

U.S. stocks climbed Wednesday, extending a steady August rally that has pushed the S&P 500 to the cusp of its first record close since the coronavirus pandemic brought the economy to a halt.

The benchmark U.S. stock index has risen in all but one trading session this month, buoyed by the prospect of declining coronavirus cases at a time the federal government and central banks are still supporting the economy.

The S&P 500 opened modestly higher and flirted with record levels for much of the day, finally eclipsing February's closing high in the final hour of the session. But the index couldn't hold on, ending just shy of the record and setting its second-highest close in history.

"There's optimism right now about an environment where the virus situation gets better, but we still have a ton of stimulus in the system," said Ilya Feygin, a managing director at broker-dealer WallachBeth Capital.

The S&P 500 ended the day up 46.66 points, or 1.4%, at 3380.35, drawing within 0.2% of the Feb. 19 high. It is up 3.3% in August and 4.6% in 2020.

The Dow Jones Industrial Average climbed 289.93 points, or 1%, to 27976.84, and the Nasdaq Composite Index advanced 229.42 points, or 2.1%, to 11012.24, snapping a three-session losing streak.

Shares of semiconductor companies and beaten-down energy stocks led the way. Advanced Micro Devices surged 7.5%, while ConocoPhillips gained 4.9% and Apple rose 3.3%, edging closer to a $2 trillion market value.

Please turn to page A6

INSIDE

VICTOR LERENA/EPA/SHUTTERSTOCK

THE MIDDLE SEAT
Passengers struggle with airlines and travel agencies for refunds on canceled flights. **A9**

NATI HARNIK/ASSOCIATED PRESS

JASON GAY
Fans, players and coaches are up in arms, but college football isn't a bubble. **A12**

CHARLEY GALLAY/GETTY IMAGES

Media Mogul Redstone Dies at 97

Sumner Redstone turned his family's movie-theater business into a sprawling entertainment empire, which he assembled through a mix of savvy investing, creative litigation and all-around ruthlessness. B1

Video Calls Are Good for Laundry, Too

* * *

Multitaskers use work meetings to get chores done

By Shan Li

At the start of the coronavirus lockdown, Miguel Arias showed up to every Zoom call in a suit and tie—giving his undivided attention to virtual meetings as city council president of Fresno, Calif.

Fast forward into summer, and not only is the formal wardrobe gone, but Mr. Arias said he has taken to plowing through laundry, cooking and other items on his to-do list while on video calls with his staff. Most of the time, the camera is on.

"Between 30 Zoom calls a day, something's gotta give," said Mr. Arias, 42.

More than five months into the pandemic, people are

Please turn to page A8

Police Budgets Pose Barriers to Cutting

Cities that try 'defunding' find costs fixed, broad voter support for law enforcement

By Heather Gillers And Andrea Fuller

Cities across America are weighing whether to reduce or redirect spending on police. Some, with backing from mayors and city councils, are already undertaking efforts to do so, as protesters in their streets call for "defunding."

They're quickly learning that police budgets, built up over generations with broad public support, are difficult to dismantle.

Elected officials in New York, Seattle, Los Angeles and Minneapolis, among other places, have approved plans to reduce police budgets in response to the nationwide protests following the killing of George Floyd in police custody in Minneapolis.

But many of the cuts are cosmetic, temporary or represent a relatively small part of budgets. In the case of Minneapolis, they may not stick. A Minnesota state commission has delayed a city council plan to put a proposal to disband the police department on the November ballot.

On Monday, Seattle's city council approved about a $3 million cut to police spending for the remaining budget year, around 1% of the annual police budget but far less than the 50% target some on the city council have proposed. Police Chief Carmen Best, the first Black woman to hold the post and who opposed sharp spending cuts, announced her retire-

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Presidency's Fiscal Power Keeps Growing

Days before President Trump signed executive actions to defer payroll taxes and resume enhanced unemployment benefits, House Speaker Nancy Pelosi warned he was on the wrong side of the Constitution: "The power of the purse begins in the House."

That, of course, is what we're taught in high school civics. But lately, it doesn't reflect reality. Presidents of both parties have been siphoning power from Congress for decades, and Mr. Trump has been especially aggressive in the fiscal sphere. Indeed, the erosion of fiscal checks and balances might be one of his least appreciated legacies.

More important than the past weekend's executive measures was the Supreme Court's vote a week earlier, 5-4, allowing construction to continue on Mr. Trump's wall with Mexico while litigation over its legality proceeds. Like his latest executive actions, Mr. Trump invoked a national emergency to fund the wall without congressional approval.

The administration says it lawfully tapped Pentagon funds to build the wall and that courts shouldn't second-guess the president on national security. By contrast, its opponents see a threat to a keystone of the Constitution—separation of powers. Should the president prevail, "Congress would be reduced to an advisory role, no longer able to function as the crucible of political debate, negotiation, and compromise in our constitutional system," more than 100 former lawmakers of both parties have argued in a court filing.

While the nation's future might not turn on this case, the principle at stake nonetheless goes back to the origins of American governance. In 17th-century England, King Charles I's fiscal depredations, from defaulting on his debts to raising revenue without Parliament's consent, helped precipitate a civil war. The struggle between Parliament and Crown finally ended with the Glorious Revolution in 1688. As a condition of assuming the throne, William III agreed to several institutional constraints on his power, including parliamentary supremacy on expenditure and taxation. By outlawing the arbitrary confiscation of private property, this paved the way for England's economic rise, scholars Douglass North and Barry Weingast argue.

A century later, the same principle was enshrined in Article 1, Section 9 of the U.S. Constitution: "No money shall be drawn from the Treasury but in consequence of appropriations made by law." In the Federalist Papers, James Madison described the "power over the purse...as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people."

Yet over the succeeding centuries, Congress had little choice but to cede some control to the president. The expansion of the federal government has put the president in charge of a sprawling administrative state with influence over nearly every aspect of American life. Much of the budget now goes toward Social Security, Medicare and other programs that are funded permanently. Moreover, during wars and emergencies legislators proved reluctant to second-guess the president, and courts were equally reluctant to intervene.

A pushback came in 2014 when the Republican-led House sued the Obama administration for paying Affordable Care Act subsidies out of unappropriated funds. A GOP-appointed judge ruled in its favor, though the case was settled before reaching the Supreme Court.

A border-wall ruling could show a way around Congress's power of the purse.

In this case, the parties have changed sides. In early 2019, Democrats, who had just won the House, refused Mr. Trump's request for wall funds. The resulting impasse caused the government to shut down, which ended only when Mr. Trump signed a bill that excluded the funds. Madison, it appeared, had prevailed over the imperial presidency.

Mr. Trump quickly declared a national emergency and reallocated $2.5 billion of the Pentagon's budget to the wall, even though the law permitted such transfers only for "unforeseen military requirements...and in no case where the item for which funds are requested has been denied by the Congress." He has since transferred $7.4 billion more from various Pentagon accounts. Both the Democratic-led House and Republican-controlled Senate voted to terminate Mr. Trump's emergency declaration but couldn't override a veto.

The House, Democratic-led states, border communities, the Sierra Club and the American Civil Liberties Union have all sued to stop the wall. Dror Ladin, who is arguing the case for the ACLU, said, "It's hard to think of a lot of cases that have such tremendous rule of law implications the way this one does."

Some conservatives find Democrats' interest in curbing presidential overreach hypocritical: "These same Democrats had no objection during the Obama administration when an entire war [in Libya] was funded without their approval," said Jonathan Turley, a law professor at George Washington University who represented the House in its lawsuit against the Obama administration.

The Supreme Court has so far decided along ideological lines with its five Republican-appointed justices twice refusing to halt construction. The practical effect is that by the time it does rule, possibly next year, much of the wall will be built.

The longer-lasting effect is that if the court ultimately rules in favor of the administration, it will have given a road map to future presidents—Democratic or Republican—searching for a way around Congress's power of the purse.

Deficit Reaches Nearly $3 Trillion This Year

By Kate Davidson

WASHINGTON—The federal deficit more than tripled in the first 10 months of the fiscal year, as government spending to combat the coronavirus continued to outpace federal tax collection, the Treasury Department said Wednesday.

The U.S. budget gap totaled $2.8 trillion from October through July, 224% bigger than the $867 billion gap during the same period a year earlier. The government has spent $5.6 trillion so far in the fiscal year that ends Sept. 30, 51% more than a year earlier, fueled in large part by the economic relief legislation Congress enacted in March to keep households and businesses afloat during the pandemic.

Total receipts for the fiscal year are down just 1%, totaling $2.8 trillion, thanks to an influx of revenue last month as individuals and corporations made tax payments that the government had delayed in April and June.

Those figures mostly reflect revenue based on income and business activity from before the pandemic, and are likely to shrink in the months ahead as the economy slowly emerges from a deep downturn that led to widespread business closures and millions of layoffs.

Federal spending has soared after Congress approved trillions in economic relief measures, including enhanced unemployment benefits, stimulus checks for households and emergency small-business loans. That spending began to taper off last month: Outlays totaled $626 billion, 70% more than July 2019 but about half of what they were in June.

The U.S. budget gap was already widening in the years leading up to the pandemic. The latest deficit figures are in line with earlier estimates from the Congressional Budget Office, which has projected the annual deficit could total $3.7 trillion in the current fiscal year.

BRENDAN MCDERMID/REUTERS

Prices in July for food fell 0.4%, with grocery costs declining 1.1%. A Pennsylvania grocery store.

Consumer Prices Rise Amid Increased Demand

By Amara Omeokwe

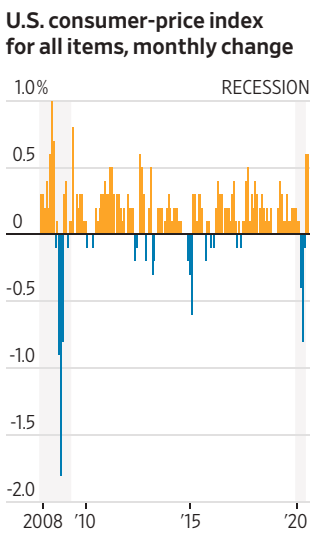
WASHINGTON—U.S. consumer prices rose in July on higher costs for a range of products and services, a sign of firming inflation as demand for goods rebounded following steep declines earlier in the coronavirus pandemic.

The consumer-price index—which measures what consumers pay for everyday items including driving fuel, clothing and electricity—climbed a seasonally adjusted 0.6% in July, the Labor Department said Wednesday. The rise was the second in as many months. The index also rose 0.6% in June, which was seen as a potential turning point for consumer prices, following declines in March, April and May.

"What we're seeing is largely a rebound in prices that were depressed because of the pandemic," said Scott Brown, chief economist at Raymond James & Associates, who pointed to strong price gains in July for items such as transportation services, apparel and used vehicles.

Gasoline prices jumped 5.6% in July and accounted for roughly one-quarter of the increase in the overall index. Prices for used vehicles rose 2.3% on the month.

U.S. consumer-price index for all items, monthly change



Note: Seasonally adjusted
Source: Labor Department

Mr. Brown said such increases likely reflected that people are driving more, as states continue to reopen their economies and some flight-wary consumers opt to drive to vacation and other destinations.

Excluding the often-volatile categories of food and energy, so-called core prices rose 0.6%, compared with a 0.2% increase in June, posting their largest month-to-month increase since January 1991. Economists surveyed expected a 0.3% increase for the overall consumer-price index, and a 0.2% gain for the core index.

The July CPI readings "should end any speculation that the pandemic-related slump in demand will quickly push the economy into a deflationary spiral," said Paul Ashworth, chief U.S. economist at Capital Economics, in a note to clients.

Notably, prices for food fell 0.4%, with grocery costs declining 1.1%, following significant increases earlier in the pandemic as Americans stayed at home.

The advance in overall consumer prices during July came despite a month when the U.S. logged a resurgence in coronavirus cases, which forced some states to put new restrictions in place.

The rise in consumer prices last month aligns with an increase in the producer-price index, a measure of the prices businesses receive for their goods and services. That index rose a seasonally adjusted 0.6% in July, the Labor Department reported Tuesday, the largest monthly rise since October 2018.

◆ Heard on the Street: Figures unlikely to budge Fed..... B11

Fannie, Freddie Impose New Fee

By Andrew Ackerman

Fannie Mae and **Freddie Mac** said they would impose a new fee to insulate themselves from losses on refinanced mortgages they guarantee, a sign of potential turbulence in the housing market and a move likely to generate pushback from lenders.

The government-controlled companies, which back nearly half of the $11 trillion U.S. mortgage market, said late Wednesday that they would begin charging lenders the added fee next month. It will apply to most loans they buy that borrowers have refinanced to lock in a lower interest rate.

Some mortgage lenders have reported record earnings amid a refinancing boom, and the fee could damp their future profits.

It is equal to half a percentage point on each loan Fannie and Freddie guarantees, or roughly $1,400 on the average mortgage backed by the companies, according to industry estimates.

Industry officials said the fee isn't correlated with the risk of refinanced loans and would simply be passed on to consumers, increasing their costs when the Federal Reserve was acting aggressively to support lower interest rates.

Borrowers would likely see only a modest increase in their monthly costs, since the fee would be paid over the life of their loan.

Bob Broeksmit, chief executive of the Mortgage Bankers Association, said the move was inappropriate at a time when Fannie and Freddie are reporting large profits—a combined $4.33 billion in the second quarter.

A representative for the Federal Housing Finance Agency, which oversees Fannie and Freddie, said the companies requested the "adverse market fee." It will apply to most refinanced mortgages delivered to the firms beginning Sept. 1.

Fannie and Freddie buy mortgages from lenders, package them into securities that are sold to investors and provide guarantees to make the investors whole if the loan defaults.

Fed Officials Give Warning On Continued Virus Effect

By Nick Timiraos

Federal Reserve officials said a recent slowdown in U.S. economic activity was likely to persist because of difficulties states have encountered in suppressing the coronavirus pandemic, which could require more government spending to support the economy.

"Limited or inconsistent efforts by states to control the virus based on public health guidance are not only placing citizens at unnecessary risk of severe illness and possible death but are also likely to prolong the economic downturn," Boston Fed President Eric Rosengren said Wednesday in a webinar with the South Shore Chamber of Commerce in Massachusetts.

Mr. Rosengren said he expected unemployment, slightly above 10% in July, would be slow to decline given worsening public-health situations in some states that were quick to lift lockdown orders in May. Easing restrictions prematurely "hurt both the economy and public health," he said.

By contrast, Mr. Rosengren pointed to Europe, which imposed tighter limits on commercial activity in the spring and has seen a stronger rebound in economic activity in recent weeks due to much lower infection rates. Visits by Europeans to retail locations have now created a more robust recovery compared with the U.S., he said.

Negotiations between the White House and top Democrats over another round of relief for households and businesses collapsed on Friday.

"Congress will have to build a bigger bridge...now that we know the coronavirus is not behind us and now that we're in this for a longer period of time than we hoped," said San Francisco Fed President Mary Daly on a conference call with reporters on Wednesday.

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CORRECTIONS & AMPLIFICATIONS

Withdrawals from permanent life-insurance policies may be taxed as ordinary income. An Investing in Funds & ETFs article on Monday about ways to tap into savings incorrectly implied that such taxation always applies.

The police chief in Louisville, Ky., was fired recently. A U.S. News article on Wednesday about Seattle's police chief resigning incorrectly said he cut short his tenure.

In some editions Wednesday, the headline on a Corporate Watch article about Nascar and BetMGM teaming up to offer in-race betting in the U.S. incorrectly said the racing organization launched an overseas streaming service.

The first name of former Homeland Security Secretary Kirstjen Nielsen was misspelled as Kristjen in some editions Wednesday in a U.S. News article about Kamala Harris.

Coeur d'Alene, Idaho, was misspelled as Couer d'Alene in a U.S. News article on Tuesday about the University of Notre Dame's fall semester.

Notice to readers

Wall Street Journal staff members are working remotely during the pandemic. For the foreseeable future, please send reader comments only by email or phone, using the contacts below, not via U.S. Mail.

Stimulus Standoff Remains, Pelosi Says

By Andrew Duehren

WASHINGTON—A dayslong standoff between Democrats and Republicans over another coronavirus-relief bill showed no signs of abating Wednesday, as negotiations threatened to stall until next month, when lawmakers must reach an agreement to keep the federal government funded.

Talks between the White House and top Democrats on Capitol Hill collapsed on Friday, with each side accusing the other of not showing enough willingness to compromise on core issues including state and local aid and jobless benefits, as well as the overall dollar total. A series of executive actions that President Trump took over the weekend aimed at providing some interim coronavirus relief have done little to kick-start talks.

Treasury Secretary Steven Mnuchin reached out to Democrats Wednesday about possibly meeting again, but House Speaker Nancy Pelosi (D., Calif.) and Senate Minority Leader Chuck Schumer (D., N.Y.) said they would only return to talks if Republicans agreed to spend significantly more than $1 trillion.

"We have again made clear to the Administration that we are willing to resume negotiations once they start to take this process seriously," the two Democrats said in a statement.

Mr. Mnuchin responded in his own statement Wednesday that Mrs. Pelosi was refusing to negotiate unless Republicans agreed to a bill costing at least $2 trillion. He said that the administration was pushing to reach an agreement on the array of issues before Congress, accusing Democrats of blocking the process. "The Democrats have no interest in negotiating," he said.

Republicans have called the Democrats' plan a bloated wish list.

Mr. Mnuchin said on Fox Business Network earlier Wednesday that Republicans were seeking to approve a bill that costs roughly $1 trillion, well below the $3.5 trillion that Democrats have said is necessary to deal with the effects of the pandemic. During the negotiations last week, Mrs. Pelosi and Mr. Schumer offered to reduce their offer by $1 trillion if Republicans would similarly raise theirs.

Mr. Mnuchin said Congress could first pass a narrower bill this summer, then turn to more aid this winter if more is needed, a prospect that could be complicated by the election this November.

"My point to the Democrats and the Republicans are: Let's do this, this will be the fifth bill, we can always come back later in the year or in January and do a sixth bill. We don't need to do everything at once," Mr. Mnuchin said on Fox Business.

Republicans have called the Democrats' plan a bloated wish list, but are themselves split on whether to even pass another bill. Democrats say the GOP lawmakers don't appreciate the scope of the problem, and Mrs. Pelosi said that talks would only restart when Republicans said they would spend more money in this round.

"We told them we'll go down a trillion if you go up a trillion, for the children. Again, let's meet in the middle. We've said all of that. But until they're ready to do that, it's no use sitting in a room and let them tell us that states should go bankrupt," Mrs. Pelosi said on MSNBC, a reference to the parties' disagreement over aid to cash-strapped local governments.

The two sides remain "miles apart," Mrs. Pelosi said.

President Trump also weighed in on the state of the negotiations, saying at a press conference late Wednesday: "The bill's not even going to happen because they don't want to talk about it," referring to Democrats.

PAUL HENNESSY/NURPHOTO/ZUMA PRESS

Volunteers distributed food from the Second Harvest Food Bank of Central Florida to an Orlando church last week.

Strapped States Imperil Recovery

Spending cuts without federal aid would shave points off GDP, cost millions of jobs

By Kate Davidson And David Harrison

Spending cuts by state and local governments grappling with the pandemic pose a headwind to the economic recovery as lawmakers consider federal aid.

State and local governments reduced spending at a 5.6% annual rate in the second quarter as they laid off workers and pulled back on services to offset plunging tax revenue. More cuts are on the way.

Moody's Analytics estimates that without additional federal aid, state and local budget shortfalls will total roughly $500 billion over the next two fiscal years. That would shave more than 3 percentage points off U.S. gross domestic product and cost more than four million jobs, said Dan White, head of fiscal policy research at Moody's.

Talks in Congress on another economic relief package have stalled, with assistance for state and local governments among the sticking points. Democrats are pushing for $950 billion.

Republican leaders, who didn't include aid for cities and states in their initial plan, have offered $150 billion. They cite concerns about growing U.S. deficits and debt, and they say some state budget woes predate the pandemic.

Estimates of state revenue shortfalls show that the effects of the pandemic will vary by state, and there are Republicans among the lawmakers calling for aid.

"I understand concerns about spending, but the cost of doing nothing is worse," said Sen. Bill Cassidy (R., La.). Louisiana has been hit hard by the virus and faces a 46% revenue decline, Moody's estimated. Mr. Cassidy has introduced a measure with Sen. Bob Menendez (D., N.J.) that would provide $500 billion for state and local governments.

"The United States cannot fully recover economically if local communities cannot provide basic services," Mr. Cassidy said on the Senate floor last month.

State and local governments spent or invested $2.33 trillion in 2019, equivalent to 10.9% of gross domestic product. They employ 13% of U.S. workers, whose spending fuels economic growth and who help deliver essential services and safety-net programs, such as unemployment insurance and nutrition assistance.

Cities and states grappling with the fallout from the pandemic have pulled back spending.

State and local government consumption and investment

Note: Seasonally adjusted annual rate
Source: Commerce Department via St. Louis Fed

"Not supporting state and local governments is kind of shooting yourself in the foot," said Louise Sheiner, policy director at the Hutchins Center on Fiscal and Monetary Policy at the Brookings Institution.

State and local governments received $150 billion in the last major economic relief package. About 75% of the funds have already been allocated, said Wesley Tharpe, deputy director for state policy at the Center on Budget and Policy Priorities. Lawmakers from both parties have called for loosening restrictions on how the remaining money can be spent.

Analyses of state finances show many were well-prepared for an economic downturn—just not the biggest one since the Great Depression. As of 2019, the median state had 7.8% of its general fund set aside in reserve, according to the National Association of State Budget Officers, up from 4.8% on the eve of the 2007-09 recession.

The U.S. economy shrank 9.5% in the second quarter from the previous three months, the steepest decline on record. Economists say the $3 trillion in economic relief provided by Congress prevented a much deeper slump.

Michael Strain, director of economic policy studies at the conservative American Enterprise Institute, said Congress should take similar steps to fill the budget hole for state and local governments, which have seen revenues decline by 15% to 20% in some cases.

Unlike the federal government, almost all states are required to balance their budgets each year. So they must cut costs, increase taxes or dip into reserves. State and local governments have cut 1.2 million jobs from March through July, the Labor Department said last week.

"The more state and local employees who are laid off, the higher the unemployment rate goes and the longer it takes to get the economy back to normal," Mr. Strain said.

The potential size of budget gaps is difficult to measure. The Tax Policy Center, a Washington think tank run by a former Obama administration official, estimates state shortfalls could total $125 billion in the fiscal year ending next June 30, while the Center on Budget and Policy Priorities puts the gap at around $290 billion. Those estimates don't include local government funding needs.

As challenged as their budgets are, states have a cushion in the form of rainy-day funds built up during the past few years. California was among several states that tapped into reserves this year.

China Helps U.S. Investigate Who Is Sending Seed Packs

By Jesse Newman And Jacob Bunge

U.S. agriculture officials said they are working with their counterparts in China to determine who is sending mysterious seed packages to U.S. residents and to stop future shipments.

The U.S. Department of Agriculture said in a recorded radio broadcast released Wednesday that China is helping to identify the senders of the seeds and that the agency knows the names of companies behind the shipments. The USDA also said China's postal service is cooperating with the investigation.

China's Ministry of Agriculture and Rural Affairs couldn't be reached to comment.

"We don't know the background information about these companies, and that's why we're working with our counterparts in China to follow up on some of these senders," said Osama El-Lissy, a deputy administrator for the USDA's Animal and Plant Health Inspection Service, in the broadcast.

Mr. El-Lissy said the USDA also has been working with major e-commerce companies to use their systems to curtail future seed shipments.

Multiple U.S. agencies, from the Federal Bureau of Investigation to the Department of Homeland Security's Customs and Border Protection, have been investigating the seed shipments since reports began flooding in last month from thousands of people across dozens of states who received unidentified seeds in the mail, many of which were postmarked from China.

USDA APHIS/REUTERS

Unsolicited seeds that arrived in the mail, reported to the USDA.

Officials are concerned the seeds could introduce invasive species, weeds, pests or diseases that might harm U.S. agriculture. As of Tuesday evening, Mr. El-Lissy said his department had found no major problems, though the agency has managed to check just a fraction of the packages delivered to residents from Virginia to Washington. Mr. El-Lissy said the USDA has so far collected some 925 seed packages after receiving more than 9,000 reports from people who received unsolicited seeds.

The USDA has identified a few seeds of potentially harmful weeds, including one called water spinach, Mr. El-Lissy said, as well as one seed containing the larva of a leaf beetle, which he said is a common species. "Other than that, we have not found anything alarming," he said.

Initially, the USDA said it had no evidence the seed packages were anything other than a "brushing scam," in which vendors selling through online retailers pay "brushers" to place orders for their products, shipping packages with low-value or no contents to strangers. Brushers then pose as the buyers and post fake customer reviews to boost the vendor's sales.

On Wednesday, the USDA's Animal and Plant Health Inspection Service said some people who have reported receiving seeds had ordered them, but either forgot or reported the deliveries after growing concerned because their packages looked similar to those highlighted on social media or the news.

College-Scam Tipster Faces a Year for Fraud

By Jennifer Levitz

A Los Angeles businessman whose tip led the government to unravel the massive Operation Varsity Blues college-admissions scam was sentenced to 12 months in prison for his role in a separate securities-fraud case.

In Boston federal court Wednesday, U.S. District Judge Nathaniel Gorton imposed prison time despite the plea made by the lawyer for the tipster, Morrie Tobin, that he should avoid it for his role as a government cooperator, including leading the Justice Department to the largest college admissions probe in its history.

In a brief statement before the judge handed down the sentence, Mr. Tobin said he was "sincerely sorry and ashamed for my actions. I sincerely ask for mercy."

Mr. Tobin was being questioned in 2018 by federal investigators in Boston who were looking into an investment scheme, when Mr. Tobin disclosed information that led authorities to the college-admissions case.

Officials didn't publicly name him as the tipster. The Wall Street Journal first identified Mr. Tobin as playing that role.

According to people familiar with the investigation, a chain of events unfolded: Federal authorities who were considering making Mr. Tobin a cooperating witness in the fraud case had looked into Mr. Tobin's bank records and noticed money moving between his bank and an account in Connecticut. Mr. Tobin told them that he had been engaged in a bribery scheme with the then-Yale University women's soccer coach to get his daughter, who was still in high school, into Yale as a soccer recruit.

That tip led prosecutors to the coach, Rudy Meredith, who in turn led federal authorities to William "Rick" Singer, a Newport Beach, Calif., college counselor, according to the government. Mr. Singer eventually pleaded guilty to being the ringleader of the college-admissions scam that has so far led to criminal charges against 55 people, including dozens of wealthy parents.

So far, 20 parents have been sentenced, and two more, actress Lori Loughlin and fashion designer Mossimo Giannulli, are set to be sentenced next week. Separately Wednesday, a former Houston public-school employee agreed to plead guilty to facilitating cheating on the SAT and ACT college-entrance exams as part of Mr. Singer's scheme.

Mr. Tobin was involved in pump-and-dump investment schemes—in which people conspire to inflate the price of a stock so they can sell it at a profit. The schemes stole "or at least attempted to steal up to $15 million from deceived investors" over five years or more, Judge Gorton said in court on Wednesday. "Your motive was pure and simple greed," he said.

Yet, the judge noted that Mr. Tobin had been an extraordinary government cooperator, assisting not only in the stock-fraud case—in which several other participants have pleaded guilty—but in "this infamous college-admissions case."

Mr. Tobin was also required to pay a $4 million fine.

New Cases Hit Lowest Level Since Aug. 3

Data suggest increases in nine states, D.C., as testing drops; Trump pushes school openings

By Allison Prang And Talal Ansari

The U.S. reported more than 46,000 new coronavirus cases, its lowest new daily tally since Aug. 3.

The seven-day average of new cases topped the 14-day average in nine states and Washington, D.C., for Aug. 11, according to a Wall Street Journal analysis of Johns Hopkins University data, suggesting that cases were rising in those areas. A month earlier, the seven-day new case average topped the 14-day new case average in 42 states and D.C.

When a seven-day average is higher than a 14-day average it suggests an increase. Looking at averages also helps smooth out data anomalies.

While the data suggests only about a fifth of states are seeing an increase in cases, some are seeing declines in testing. In 16 states, the seven-day moving average of tests per 1,000 people was down from a week ago, according to Johns Hopkins.

Total coronavirus infections in the U.S. exceed 5.1 million, accounting for about a quarter of the world-wide total, according to data compiled by Johns Hopkins. The nation's virus death toll stood at more than 164,500, while deaths world-wide topped 741,000, according to Johns Hopkins.

The seven-day average of deaths in the U.S. was about 1,008, the lowest since July 26. The seven-day average was also less than the two-week average of about 1,028, suggesting deaths are falling.

The seven-day death average exceeded the 14-day average in 22 states—including Georgia, Tennessee and Texas—and D.C. A month ago, that was the case in 34 states and D.C.

Florida's Department of Health on Tuesday reported 276 new coronavirus-related deaths, the state's highest single-day total so far. The day a death is reported isn't necessarily the day it occurred. The state also reported 5,831 new cases.

With September approaching, many leaders are focusing on the issue of reopening schools. At a White House event Wednesday with teachers and parents, President Trump reiterated his push for schools to resume in-person learning.

Education Secretary Betsy DeVos said the administration wants to avoid a "one size fits all" approach but wants to "ensure every child has the chance to go on learning full-time this fall."

New Jersey Gov. Phil Murphy signed an executive order on Wednesday that would allow universities and schools to reopen for the coming academic year.

"In-person instruction may fully resume immediately and so long as social distancing among other protections are strictly adhered to," Mr. Murphy said. He added that any student that wants to learn remotely should see their request accommodated.

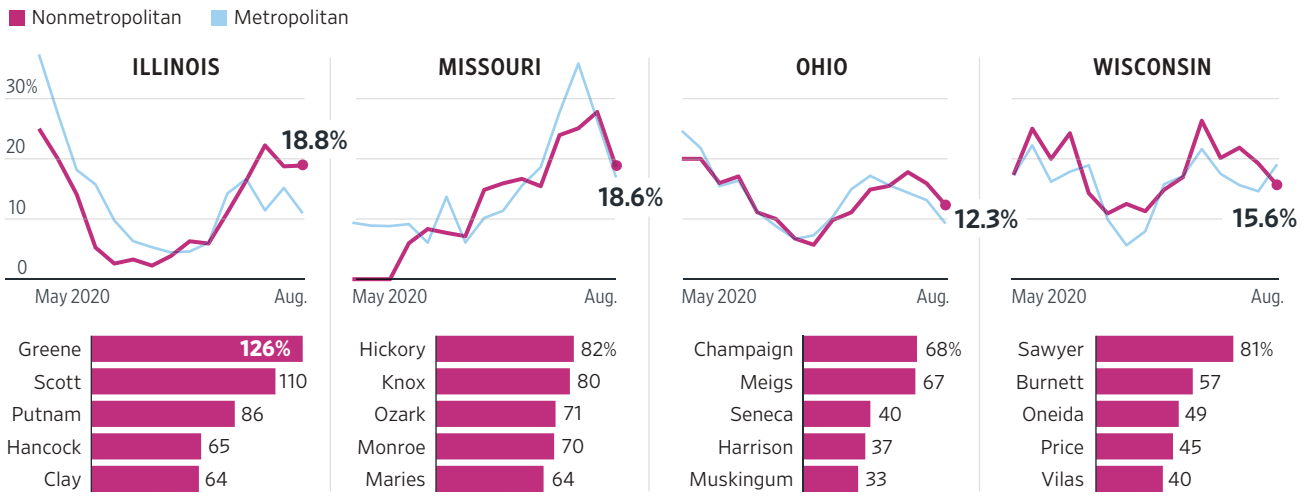
New Jersey, which was an early Covid-19 hot spot when the pandemic first hit the U.S., has a total of more than 185,000 cases and 15,000 deaths, according to Johns Hopkins. Since then, cases and deaths have declined, but the state still recorded 484 new cases and nine deaths, Mr. Murphy said on Wednesday.

New York City officials are pledging to test as many Sunset Park residents as possible for the new coronavirus after finding a significant uptick in cases in the Brooklyn neighborhood. The city's infection rate has steadily dropped over the past few months and hovered around 1% for much of July and August. In the past two weeks, however, officials who have tested roughly 3,300 residents in Sunset Park say they have identified 228 Covid-19 cases—the equivalent of a 6.9% infection rate.

ALAN WARREN/MESSENGER-INQUIRER/ASSOCIATED PRESS

A student, left, moved into her dorm at Kentucky Wesleyan College in Owensboro on Wednesday, helped by her mother and sister.

Week-over-week percentage change in confirmed cases by state and top five counties



Source: Johns Hopkins Center for Systems Science and Engineering

Virus Cases Flare in Rural Midwest

By Kris Maher And Maureen Linke

The coronavirus hit Kati Finn and six girlfriends after they went to a winery in northwestern Ohio last month where they played a game called "Name That Tune" with about 90 other people. Within days, 71 people from the event tested positive for Covid-19.

The event helped give rural Henry County, with 28,000 residents, the state's highest rate of Covid-19 cases on a per capita basis in late July.

As the number of new coronavirus cases has dropped nationally over the past week, the virus appears to be taking hold in some corners of Midwestern states that had largely escaped it. Cases are spreading more rapidly in some counties outside a metro area, compared with those in one.

In Ohio, new cases dropped 14% over the past two weeks, but several mostly rural counties now have some of the highest rates of new infections recorded over the past few weeks.

Unlike this spring, when the virus spread in hot spots such as meatpacking plants, nursing homes and prisons, this time many of the new cases in rural areas appear to be occurring through community contacts, and that is worrying to health officials because such transmission is harder to trace and contain.

The new path of the virus suggests that complacency, shutdown fatigue and the lure of summer are combining to allow the virus to sweep through rural parts of the country, health officials say.

In Ohio, Missouri, Wisconsin and Illinois, the weekly change in Covid-19 cases, a measure of the increase in infection, has been higher in nonmetropolitan counties, compared with those in metro areas in recent weeks, according to an analysis of data tracked by Johns Hopkins University.

"We have community spread," said Mark Adams, Henry County health commissioner. "It taxes a small health department that may have only so many people."

He said the winery outbreak tripled the county's number of cases and he is still tracing secondary infections of family members that so far total about a dozen. The county now has 122 cases, up from 35 in early July.

Ms. Finn, a middle-school secretary who lives in Defiance, Ohio, said servers wore masks and gloves at the winery and patrons observed social distancing. She was shocked that she and all of her friends became ill after the event, some with severe symptoms, she said. All have recovered. "It's insane to me that we all got Covid-19 and yet everything seemed so safe there," she said.

Fatalities in many rural counties remain low. There have been 3,708 Covid-19 deaths in Ohio overall. There have been just two deaths in Henry County, compared with 525 in Franklin County, the state's most populous county, where Columbus is located.

Total cases and rates of infection in the Midwest remain below Southern states such as Florida and Texas. And in places including Iowa and Kansas, infection rates in bigger cities are still higher than in rural areas overall.

Rural cases started to outpace bigger cities in Missouri during the last week in July, driven by upticks in smaller counties. Ozark and Hickory counties, each with fewer than 10,000 residents, were the last two counties without a single case until mid-June. Now they are among several rural counties with the state's biggest percentage increases in infections in the past week. In Ozark County, cases rose to 15 from eight, and in Hickory County they grew to 33 from 23 in the past week, according to state data.

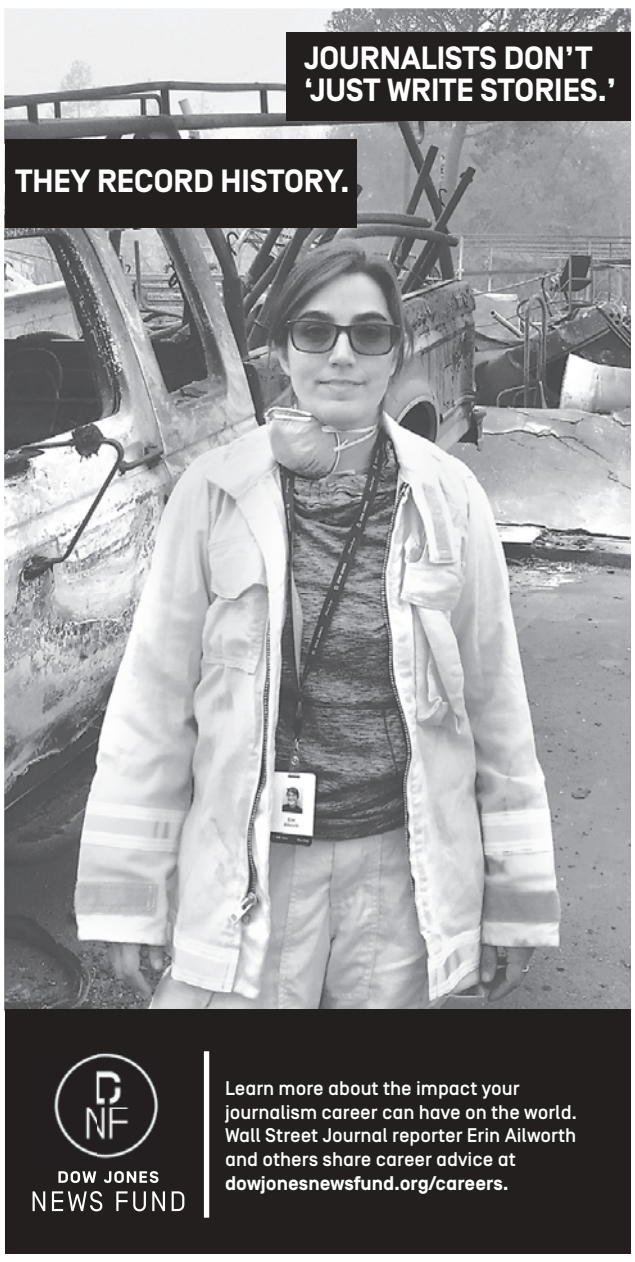
"For us in Missouri, this geographic spread and the lack of institutional outbreaks is really notable," said Chris Prener, an assistant professor of sociology at Saint Louis University.

Ajay Sethi, an associate professor of population health sciences at the University of Wisconsin, Madison, said that while case numbers in some rural parts of Wisconsin may be far lower than in cities such as Milwaukee, rates of infection in some rural counties are now higher. For example, rural Barron County had an increase in cases in a recent two-week period while cases declined in larger, more urban Milwaukee County, data from the Wisconsin Department of Health Services show.

In Iron County, Wis., with 5,000 residents and 300 lakes on the northern edge of the state, health officials are attributing a recent flurry of infections to vacationers and complacency of residents.

The county had eight positive cases through June, but the number jumped to 75 by the end of July, temporarily giving the small county the highest rate of cases per capita in the state.

"People had events, graduation parties and Fourth of July celebrations," said Zona Wick, the former county health officer who is now serving as a public information officer during the crisis. "They thought, 'We don't have any cases. What's the big deal?' "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Rapid Antigen Tests Are Proving Elusive

By Sarah Krouse And Sharon Terlep

Doctors, nursing homes and federal officials are scrambling to get rapid-response Covid-19 antigen testing supplies from the two companies that secured emergency approval to produce them, as cases continue to rise in the U.S.

Rapid-response antigen tests make up a small but growing area of Covid-19 testing in the U.S. and are seen as helpful in tamping down outbreaks because they offer faster results than many molecular tests that must be sent to labs for processing. The tests search for virus proteins while other tests look for the virus's genetic material.

Quidel Corp. and **Becton Dickinson & Co.**, the only companies that so far have federal emergency authorization to supply such diagnostic tests, also make machines that process them. The boxlike test-analyzers, which before the pandemic processed tests for ailments such as the flu, are found in doctors' offices and nursing homes, allowing facilities to avoid shipping samples to commercial labs for processing. They can deliver results in about 15 minutes and process dozens of samples an hour.

Quidel is struggling to produce enough analyzers to meet demand, while Becton Dickinson's challenge is making enough tests, the companies say.

In July, people waited two weeks or longer for results of diagnostic tests in the U.S. The delays underscored the importance of immediate results that individuals can quickly act on.

CVS Health Corp., which says it performs about 5% of U.S. testing, is planning to expand so-called point-of-care Covid-19 testing because it offers a solution to delays, the company said last week.

Some small practices say they have struggled to obtain the rapid antigen tests and processing equipment they need. Katie Schafer, a pediatrician at Bloom Pediatrics in Birmingham, Mich., had a Becton Dickinson analyzer that the practice used for flu tests. In July, she ordered 1,000 Covid-19 tests to run on the machine. So far, only 120 tests have arrived.

"I consider ourselves lucky that we got any at all," said Dr. Schafer, who tries to save the tests for patients with symptoms and has about half of the initial delivery left. "There's no good news coming out of the reps that sell these tests," she added.

Quidel and Becton Dickinson are each ramping up production to meet demand but are grappling with challenges including sourcing sample-collection swabs and additional manufacturing plant capacity.

Quidel said it currently makes about 2,000 analyzers a month and can make up to 1.8 million tests weekly if it is able to secure all the supplies it needs.

A Quidel board member's personal physician asked for help acquiring one of the company's analyzers, but Quidel refused because the practice planned to test only five people a day, said Douglas Bryant, Quidel's chief executive.

Becton Dickinson has enough analyzers to meet demand and is ramping up production, though it faces a shortage of testing kits, a spokeswoman said.

The federal government has been given priority over other customers for the tests and analyzers Quidel and Becton Dickinson have made recently. The equipment is largely being deployed to nursing homes where the coronavirus has taken a severe toll. Mr. Bryant said he was told by the U.S. Defense Department that it was preparing a mass order.

Public-health officials have raised some concerns that rapid antigen tests deliver false-negative results at a higher rate than other tests. But federal officials have said that, as these tests become more widespread, they appear equal in sensitivity to the more broadly used polymerase chain reaction diagnostic tests.

The tests search for virus proteins while other tests look for genetic material.

There are no rules on how Covid-19 testing instruments or tests should be prioritized, said a spokeswoman for the Department of Health and Human Services, though the agency asks that test makers follow the distribution of cases in the country.

Becton Dickinson sells most of its devices through distributors and leaves sales policies and allocation to their discretion, the company spokeswoman said. It allows buyers to purchase its machines outright without also requiring them to order a minimum number of tests to run on them.

Quidel said it initially had a process for prioritizing who was able to buy its machines and ensured the units went mostly to health providers capable of testing large numbers of people, Mr. Bryant said. Now, he said, aside from mass sales to government entities, the company mostly leaves such decisions to its network of external distributors but wants analyzers to go to places that can run the most tests.

Biden-Harris Ticket Makes Public Debut

By Ken Thomas And Tarini Parti

WILMINGTON, Del.—Joe Biden and Kamala Harris made their public debut as Democratic running mates and emphasized the historic choice of the senator from California, who beat out 10 other finalists to become the first Black woman and the first woman of Indian ancestry on a major-party presidential ticket.

"She's smart. She's tough. She's experienced," Mr. Biden said of Ms. Harris Wednesday. "She's a proven fighter for the backbone of this country, the middle class, for those struggling to get into the middle class."

Mr. Biden and Ms. Harris entered a high-school gymnasium wearing black face masks—which the former vice president has worn since the coronavirus pandemic put an end to traditional campaigning—and remained a few feet apart throughout the event. He highlighted Ms. Harris's background as the daughter of immigrants and said she would serve as a model for "little Black and Brown girls."

"I'm so proud to stand with you," Ms. Harris said, taking the stage. "And I do so mindful of all the heroic and ambitious women before me, whose sacrifice, determination, and resilience makes my presence here today even possible."

In choosing her as his running mate Tuesday, Mr. Biden turned to a former presidential primary rival who has been a frequent critic of President Trump and could help Democrats appeal to a diverse electorate as the nation grapples with the economic fallout from the coronavirus and protests in the aftermath of the police killing of George Floyd in May.

Ms. Harris used her background as a prosecutor and her childhood experience of attending civil-rights marches with her parents to lay out her case against Mr. Trump and praised the work of young activists calling out racial injustices.

"The president's mismanagement of the pandemic has plunged us into the worst economic crisis since the Great Depression," she said. "And we're experiencing a moral reckoning with racism and systemic injustice that has brought a new coalition of conscience to the streets of our country, demanding change. America is crying out for leadership."

Ms. Harris had long been considered a leading contender for the No. 2 spot on the ticket, especially as Mr. Biden was urged by some of his allies to select a Black woman. Mr. Biden chose her over a group of potential running mates that included former Obama national security adviser Susan Rice, Rep. Karen Bass of California, Michigan Gov. Gretchen Whitmer, Sen. Elizabeth Warren of Massachusetts and Illinois Sen. Tammy Duckworth.

Ms. Harris forged a close bond with Mr. Biden's oldest son nearly a decade ago when they negotiated a settlement with the banking industry over mortgage practices that preceded the foreclosure crisis. Beau Biden and Ms. Harris were among the last holdouts in accepting a deal for their states.

During tedious attorneys general meetings, and later, when Beau Biden was suffering from brain cancer, Ms. Harris—along with other attorneys general—would try to keep his spirits up in text messages, according to people familiar with their relationship.

Both Mr. Biden and Ms. Harris brought up his late son in their speeches Wednesday. "Beau was the kind of guy who inspired people to be a better version of themselves...when I would ask him, 'Where did you get that? Where did this come from?' He'd always talk about his dad," Ms. Harris said.

Delaware Sen. Chris Coons, a confidant of Mr. Biden, said the search process helped show how Mr. Biden would present a contrast to the president in the election. "Joe is thorough, detailed, professional, listens to experts, and when it comes to a critical emergency like a health pandemic, that's what he's doing," he said.

Republicans sought to cast the ticket as a capitulation to the party's most liberal elements. The president said on Twitter Wednesday morning that Ms. Harris's presidential campaign had performed poorly before she departed the race "with almost zero support. That's the kind of opponent everyone dreams of!"

At an event in Mesa, Ariz., on Tuesday, Vice President Mike Pence said her selection was no surprise because Mr. Biden and his party had been "overtaken by the radical left."

Mr. Biden hit back at Mr. Trump for saying Tuesday that Ms. Harris was "nasty" to a Supreme Court nominee during a confirmation hearing. "It's no surprise because whining is what Donald Trump does best," Mr. Biden said.

Running Mates Differed on Some Policy Stances

By Eliza Collins

Joe Biden and his running mate, Kamala Harris, share goals such as raising corporate taxes and expanding health insurance to more Americans, but they disagreed during the Democratic primary campaign on how to approach policy areas including climate and trade.

Here is a guide to her positions and Mr. Biden's on a variety of issues.

Energy and climate

Ms. Harris has said she supports the Green New Deal, an overhaul of the economy to combat climate change. Mr. Biden has said he supports the goals behind the Green New Deal, but during the primaries, he backed a smaller investment than many progressives wanted.

Since becoming the party's presumptive nominee, he has called for a $2 trillion program to combat climate change over four years, more spending and a more ambitious timeline than he supported in the primaries.

Mr. Biden has proposed a fracking ban, but only for oil and gas production from federal lands. Ms. Harris, meanwhile, said during a CNN town hall last year: "There's no question I'm in favor of banning fracking."

Health care

Ms. Harris signed onto Vermont Sen. Bernie Sanders's Medicare for All bill in the Senate. But during her presidential campaign, she tried to find a middle ground between backers of single-payer health care and those who prefer the current system, proposing a government-run health care system that would maintain a limited role for private health plans.

Mr. Biden's plan would expand on Obamacare by offering all Americans a public insurance option. He opposes a Medicare for All system, but he proposed lowering the Medicare age to 60 from 65.

Trade

Sen. Harris opposed two recent major trade deals that Mr. Biden supported, the U.S.-Mexico-Canada Agreement and the Trans-Pacific Partnership.

Ms. Harris was one of just 10 senators who voted against the USMCA, President Trump's renegotiated version of the North American Free Trade Agreement. She said its environmental provisions were insufficient.

Mr. Biden cited labor union support in backing the USMCA. He had also voted for the original Nafta in 1993 when he was a senator.

Guaranteed Income

Ms. Harris has emerged as a leading voice pushing the Democratic Party toward some form of guaranteed income for all Americans—and she has gone further in that direction than the head of the ticket.

One of the main planks in the economic platform of her presidential campaign was her plan to create a new program of government-funded checks for lower and middle-income families, modeled on the current earned-income tax credit.

Mr. Biden has issued a proposal more vague than Ms. Harris's, saying the government should "provide for additional checks to families should conditions require."

MICHAEL REYNOLDS/EPA/SHUTTERSTOCK

Sen. Kamala Harris, above in 2017, signed onto Sen. Bernie Sanders's Medicare for All bill. But during her presidential campaign, she tried to find a middle ground between backers of single-payer health care and those who prefer the current system.

Taxes

Ms. Harris differed from her Democratic primary rivals by proposing full repeal of the 2017 tax cuts, which she had voted against.

Mr. Biden's plan would eliminate some of the cuts for companies and high-income households, leaving in place the tax cuts for people making under $400,000.

Immigration

Ms. Harris gained national attention in 2018 for her questioning of then-Homeland Security Secretary Kirstjen Nielsen over the administration's separation of migrant families at the border. That same year, she was one of a handful of Democrats to oppose a plan to give the Trump administration billions of dollars for a border wall in exchange for creating a citizenship pathway for young immigrants living in the country without permission.

As a presidential candidate, Ms. Harris proposed using the executive branch's broad immigration powers to expand protections for unauthorized immigrants, including making it easier for those young people to apply for permanent resident status, a step on the way to becoming citizens. Ms. Harris and Mr. Biden both raised their hands when asked during a Democratic debate whether they would give health care to people who are in the U.S. illegally.

Ms. Harris endorsed the idea of decriminalizing border crossings at places other than official ports of entry, a proposal the party's left flank had embraced but that Mr. Biden never signed onto.

Ms. Harris later backtracked on her support, saying she didn't want to see migrants jailed but that she believed in border security.

Many on Wall Street Like Choice

Continued from Page One

for the backbone of this country, the middle class, for those struggling to get into the middle class."

Ms. Harris, in her remarks, said she was looking forward to running with Mr. Biden, a former vice president and longtime senator, after competing against him for the party's presidential nomination. "I'm so proud to stand with you," she said to Mr. Biden.

Ms. Harris as a presidential candidate had proved adept at courting wealthy donors in the Hamptons and Martha's Vineyard while speaking credibly to middle-class concerns.

She sought input—and money—from CEOs across industries for her campaign in listening sessions and touted her record supporting small-business owners at an event in Iowa sponsored by Goldman Sachs Group Inc., the Wall Street powerhouse.

Blair Effron, co-founder of boutique investment bank Centerview Partners who donated to Ms. Harris's presidential campaign, called her "direct but constructive." He said Ms. Harris thinks big business has "a responsibility to be part of the solution, but she makes clear how we will all benefit with shared prosperity."

Ms. Harris's record as a prosecutor could signal a tougher stance on consumer protection, but new financial regulation—much of it relaxed under President Trump, a Republican—is likely to take a back seat to the more immediate task of repairing the economy.

CARLOS BARRIA/REUTERS

Sen. Kamala Harris and former Vice President Joe Biden

"She thinks what's good for business should be and can be good for the country," said Charles Phillips, co-chairman of the Black Economic Alliance and a longtime Harris supporter. "She wants to figure out a way for the system to work for everyone and expand the pie."

Ms. Harris, the daughter of Indian and Jamaican immigrants who was elected to the U.S. Senate in 2016, is no stranger to the corporate world. As the San Francisco district attorney and California's attorney general, she was seen as at times sympathetic to the technology industry, understanding its economic potential for the state even as it brought rising inequality and social backlash.

Her primary campaign focused on taking on Mr. Trump before switching strategies in an attempt to widen her appeal, highlighting a "3 a.m. agenda" that includes a middle-class tax cut, gender pay equality and a refundable tax credit to help with rising costs of housing.

To some Wall Street executives, Ms. Harris's selection signals a more moderate shift for the Democratic Party, which its progressive flank has pushed to the left in recent years. She edged out more-liberal vice presidential contenders—particularly Sen. Elizabeth Warren of Massachusetts, who called for tighter banking regulations—and is now positioned as a front-runner to one day succeed the 77-year-old Mr. Biden should he win the presidency.

"While Kamala is a forceful, passionate and eloquent standard-bearer for the aspirations of all Americans, regardless of their race, gender or age, she is not doctrinaire or rigid," said Brad Karp, chairman of law firm Paul Weiss, who coled a committee of lawyers across the country who supported Ms. Harris during the primary.

In speeches, private fundraisers and announcements, Ms. Harris also has made clear that she won't tolerate wrongdoing. She has said she might support proposals that could curb the advantages of big businesses or the wealthy.

Chief among those ideas: a tax of financial transactions, a policy also favored by Ms. Warren that would eat into Wall Street profits. Ms. Harris has said she would use the tax to pay for a government-run health-care plan that would still allow a limited role for private insurers.

Ms. Harris hasn't served on the Senate Banking Committee and has had limited direct dealings with Wall Street, but she has taken some political shots at big business.

She said the Paycheck Protection Program, a $670 billion pot of emergency-loan money for companies, was "put in place to help sustain our small businesses, not to fill the pockets of large, wealthy corporations" and called for more transparency about where the money went.

In 2011, she pulled out of a national mortgage settlement with big banks and pursued a separate, lucrative settlement for California, a decision that catapulted her political career.

But some officials involved in the negotiations have said her efforts to hold banks accountable amounted more to style—seen at times as impeding a resolution—than substance.

"Not great for financial [companies] but not a game changer," KBW analyst Brian Gardner wrote in a note to clients.

—Ben Eisen contributed to this article.

Harris Has Financial, Other Ties to Big Tech

By Sarah E. Needleman

Silicon Valley has a potential ally in its future with Kamala Harris, a California senator who has strong ties to executives behind the nation's technology giants and has been largely silent about the antitrust issues currently plaguing them.

Ms. Harris, named Tuesday as Democratic presidential candidate Joe Biden's running mate, counts prominent figures such as Facebook Inc. operating chief Sheryl Sandberg and Salesforce.com Inc. cofounder Marc Benioff among her supporters. Boldfaced Silicon Valley names including LinkedIn co-founder Reid Hoffman and venture capitalist John Doerr raised money for her presidential bid that ended in December. And her brother-in-law is Tony West, general counsel of Uber Technologies Inc.

"She grew up around a ton of innovation and realized how important that is for the California economy," said Charles Phillips, former Oracle Corp. president who is also co-chair of the Black Economic Alliance, a political-action committee.

Ms. Harris is far from a tech apologist. The 55-year-old Oakland native has criticized social-media companies' handling of political speech and election misinformation. Last year, the former San Francisco district attorney and California attorney general backed the state's so-called gig-economy legislation that requires companies like Uber and Lyft Inc. to reclassify their independent contractors as employees, a law they strongly oppose and are now fighting in state court.

But Ms. Harris and Mr. Biden haven't called for tech giants such as Google and Amazon.com Inc. to be broken up, an issue that has garnered support among some Democrats and Republicans. Last month, the chief executives of Facebook, Apple Inc., Amazon, and Google faced relentless criticism at a more than five-hour long congressional antitrust hearing in which lawmakers from both parties challenged their companies' business practices.

When pressed on the matter in an interview with the New York Times during her run for president, Ms. Harris said her priority in the White House with regard to Big Tech would be to safeguard user privacy, an area Facebook and others have sought to improve.

Ms. Harris's Silicon Valley backers during her presidential bid included Twitter Inc. board member Omid Kordestani and his wife, Gisel Kordestani, who each gave the maximum amount allowed by the Federal Election Commission for the primary election. Laurene Powell Jobs, widow of Apple co-founder Steve Jobs, did the same.

Mr. Kordestani and Ms. Jobs also donated to other primary candidates.

U.S. WATCH

DAVID CRANE/THE ORANGE COUNTY REGISTER/ASSOCIATED PRESS

ABLAZE: A wildfire erupted Wednesday in the Lake Hughes area in Southern California, prompting evacuation orders for up to 500 houses.

MINNEAPOLIS

Prosecutors Seek One Trial Over Floyd Killing

Prosecutors asked a judge Wednesday to try four fired Minneapolis police officers jointly in George Floyd's death.

Minnesota Attorney General Keith Ellison filed a memo arguing that evidence against the four is similar and that a single trial would spare witnesses and family members from the trauma of multiple trials.

Holding one trial also would allow the community and the nation to absorb the impact of the verdicts for the four officers at once, instead of piecemeal, Mr. Ellison argued.

Mr. Floyd, a Black man, was handcuffed and lying facedown when Officer Derek Chauvin, who is white, pressed his knee against Mr. Floyd's neck for nearly eight minutes on May 25. Mr. Floyd repeatedly said he couldn't breathe and called out for his mother before passing out. He was pronounced dead at a hospital that evening.

Mr. Chauvin is charged with second-degree murder, third-degree murder and manslaughter. The other three officers, Thomas Lane, J. Alexander Kueng and Tou Thao, are charged with aiding and abetting both second-degree murder and manslaughter. All four officers were fired and are scheduled for trial in March.

Attorneys for Messrs. Chauvin and Kueng declined to comment on the prosecution's motion to hold a joint trial. Defense attorneys for Messrs. Lane and Thao didn't immediately reply to requests to comment.

The next court hearing for the four is scheduled for Sept. 11.

—Associated Press

LOS ANGELES COUNTY

Sheriff's Deputies To Get Body Cameras

Los Angeles County deputies, who make up the largest sheriff's department in the nation, will begin getting body-worn cameras in October.

Sheriff Alex Villanueva said Wednesday that 1,200 deputies in five patrol stations will receive the body cameras beginning Oct. 1.

The department is projected to spend $25 million over five years for 5,200 cameras. Hundreds of deputies reportedly have purchased their own body cameras as the department's plans to buy them stalled for years.

The three largest police departments in the country—New York, Chicago and Los Angeles—have all equipped some, if not all, of their patrol officers with body-worn cameras for years.

—Associated Press

MIDWEST

Power Still Out for Many After Storm

Hundreds of thousands of households in Iowa and Illinois remained without electricity Wednesday, two days after a rare wind storm that hit the Midwest devastated parts of the power grid, flattened valuable cornfields and killed two people.

Much of Iowa and parts of several other states suffered outages Monday as straight-line winds toppled trees, snapped poles and downed power lines.

Crews throughout the region have been working around the clock to restore electricity, but they have been hindered by large trees that are blocking many roads and sitting on top of power lines.

—Associated Press

ARKANSAS

Heavy Rainfall, Flood Prompt Evacuation

Heavy rains brought flooding that forced the evacuation of a retirement center in southwestern Arkansas on Wednesday.

Meteorologist Joe Nuttall with the National Weather Service in Shreveport, La., said 30 to 40 people were forced from the center in Texarkana, Ark., as more than 7 inches of rain fell between midnight Tuesday and midafternoon Wednesday

Mr. Nuttall said the storm wasn't related to the wind storm that struck the Midwest.

—Associated Press

U.S. NEWS

Envoy to U.K. Cited for Lapses With EEO Rules

By Courtney McBride

WASHINGTON—The U.S. ambassador to the U.K. made "inappropriate or insensitive comments" that threatened to create an offensive working environment and violate anti-discrimination laws, the State Department's internal watchdog found.

In a report released on Wednesday, the department's Office of the Inspector General found that Ambassador Robert Wood Johnson IV, a Republican donor and owner of the National Football League's New York Jets, drove his staff hard, hurting morale in some embassy offices.

The report called for a more thorough review of the conduct exhibited by Mr. Johnson, who is known as "Woody." Otherwise, it found that Mr. Johnson—a fourth-generation descendant of the family that founded Johnson & Johnson—served as an effective advocate for U.S. policy and a responsible steward of public resources.

"The Ambassador sometimes made inappropriate or insensitive comments on topics generally considered Equal Employment Opportunity (EEO)-sensitive, such as religion, sex, or color," the report found. It didn't cite specific comments.

The watchdog's report doesn't address allegations that Mr. Johnson sought to steer golf's British Open to a resort owned by President Trump in Scotland. Mr. Trump has denied he spoke to Mr. Johnson about the matter, and the British government has said no such request was made.

In written responses to a draft of the report, Mr. Johnson and a senior State Department official disputed the OIG's findings. Mr. Johnson wrote that throughout his professional career, he had "respected both the law and the spirit of [equal employment law] principles" and held his subordinates to the same standard.

"If I have unintentionally offended anyone in the execution of my duties, I deeply regret that, but I do not accept that I have treated employees with disrespect or discriminated in any way," he wrote.

The ambassador cited the absence of formal complaints against him, as well as the OIG report's "generally positive tone" as evidence that his leadership hasn't adversely affected staff morale.

The U.S. Embassy in London declined to provide further comment from Mr. Johnson.

The report recommended the State Department's Bureau of European and Eurasian Affairs and Office of Civil Rights assess Mr. Johnson's compliance with antidiscrimination law and take appropriate action. The bureau disagreed with the recommendation.

Woody Johnson disputed the Office of Inspector General's findings.

Ambassador Philip Reeker, the senior official in the Bureau of European and Eurasian Affairs, wrote on behalf of the bureau that Mr. Johnson "is well aware of his responsibility to set the right tone for his mission and we believe his actions demonstrate that."

He cited Mr. Johnson's response and noted that the ambassador has viewed a video on workplace harassment and directed other embassy leaders to do so.

Mr. Johnson was appointed to the ambassadorship in 2017.

FROM PAGE ONE

Stocks Extend Rally

Continued from Page One

The rally in the stock market has coincided with a rise in U.S. government bond yields, a further sign that investors are growing more optimistic about the economic outlook. Meanwhile, gold prices have fallen this month, and oil prices have climbed.

Some analysts and investors caution that the stock market is susceptible to a reversal if virus cases begin to rise again or future stimulus efforts disappoint. Others have pointed to unpredictable trading behavior where stocks continually rise with few fundamental drivers, much like during the dot-com boom.

"You have a lot of things that are very reminiscent of a late-'90s melt-up," said Chris Harvey, head of equity strategy at Wells Fargo & Co. He said he doesn't expect the market to crash but believes stock gains are likely to be muted in the next few months.

Investors are keeping an eye on lawmakers' negotiations over a new coronavirus-relief package for U.S. households and businesses.

Senate Majority Leader Mitch McConnell (R., Ky.) said earlier in the week that talks were "at a bit of a stalemate." Still, many investors remain optimistic that a deal will be reached.

"Markets, particularly in the last day or so, seem to be pricing in a stimulus even as lawmakers play down the odds," said Edward Park, deputy chief investment officer at Brooks Macdonald, an investment-management firm.

Traders also said the market was supported by presumptive Democratic presidential nominee Joe Biden's announcement Tuesday that Sen. Kamala Harris of California would be his running mate.

Some Wall Street veterans consider Ms. Harris, who previously served as California's attorney general, to be a more moderate choice than others who were in contention for a spot on the ticket.

The technology sector was the best-performing group in the S&P 500 Wednesday, jumping 2.3%.

Microsoft shares added 2.9%, and Tesla, which isn't in the index, rose 13% after the electric-car maker late Tuesday said it would enact a 5-for-1 stock split.

While technology firms have been this year's star performers, the market has been supported by stocks that are more sensitive to the economy and had been hit particularly hard during the pandemic's early days.

The S&P 500 financial sector has climbed 5% this month and the energy sector has risen 6.6%.

In bond markets, the yield on the benchmark 10-year Treasury note gained for a fourth day, ticking up to 0.669% from 0.657% Tuesday and 0.541% a week earlier. The yield reached its highest level since July 6.

Yields, which rise when bond prices fall, started climbing Friday after the Labor Department reported better-than-expected jobs numbers for July.

A series of large debt auctions have further pressured the market as has the decline in coronavirus cases and the rally in stocks. Bond yields tend to rise when investors feel better about the economy since faster growth can lead to inflation, which erodes the purchasing power of bonds' fixed payments and can put pressure on the Fed to raise interest rates.

Fresh inflation data showed that U.S. consumer prices increased 0.6% in July, more than the average expectation of 0.3%, according to FactSet.

Yields, notably, remain near historic lows and could have difficulty rising much further, given the still murky economic outlook and signals from Fed officials that they might hold off on raising rates until inflation exceeds their 2% inflation target, analysts say.

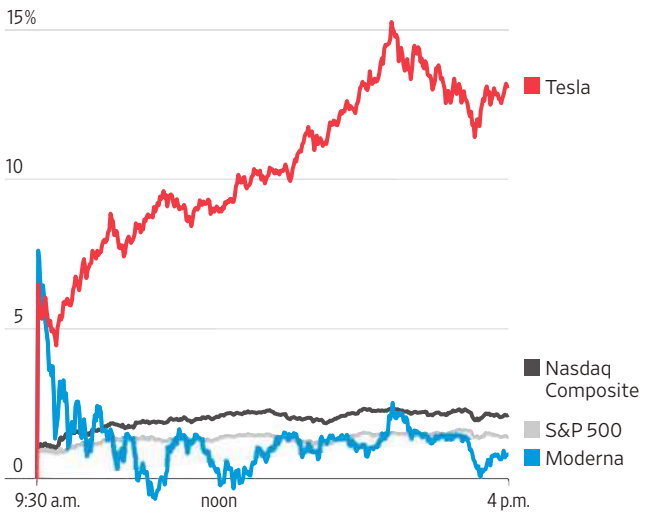
Many analysts believe that low yields have played a major role in propelling stocks back to their previous highs since they lower the cost of borrowing for businesses and drive investors to buy riskier assets in search of returns.

Gold prices edged 0.1% higher after the commodity on Tuesday fell by the most since March. Analysts said appetite for gold has been eroded this week by the rise in Treasury yields. The precious metal—usually viewed as a haven asset that investors flock to when stocks are in tumult—has climbed this year even as equities advanced.

In currency markets, the dollar moved lower, with the WSJ Dollar Index, which tracks the currency against 16 others, down 0.1%.

—Anna Isaac contributed to this article.

Share-price and index performance, Wednesday



Source: FactSet

Xi Touts Domestic Economy

Continued from Page One

entrepreneurs are unwilling to expand and households are cutting back on spending.

Detailed policies, Chinese officials said, will be fleshed out in an October meeting of the ruling Communist Party's 370 or so top officials when they gather to discuss an economic blueprint for the five years starting in 2021.

Behind the inward-looking pivot, the officials said, is a realization that fraught relations with much of the developed world are here to stay. President Trump's trade war has led China to pour resources into its own research labs, universities and companies to try to wean the country off foreign technologies.

While the moves have helped China somewhat, they haven't gone far enough, the officials said. The domestic-circulation policy would expand the push, including by encouraging Chinese consumers to buy more products China currently exports, even though Chinese income levels remain below those in more-developed countries.

The mission is becoming more important as Chinese companies come under pressure from Washington and get shut out of foreign markets. The U.S. has threatened bans on ByteDance's TikTok app and Tencent Holdings Ltd.'s WeChat. Because of U.S. sanctions, Huawei is running out of processor chips to make smartphones and will have to suspend production of its own most advanced chips, the company warned late last week.

The coronavirus pandemic, meanwhile, has caused many countries to rethink their reliance on Chinese suppliers, causing some manufacturers to consider moving operations elsewhere. A March survey by UBS Group of Japanese, Korean and Taiwanese companies that produce in China and sell to the rest of the world found 85% had relocated or intended to shift some capacity out of China.

The emphasis on domestic circulation shows "the Chinese government is not optimistic about the external environment it faces in the medium term," said Zhang Ming, a senior economist at the Chinese Academy of Social Sciences, a government think tank.

More inward-turning policies will likely make foreign businesses—already facing restrictions on market access and pressure to transfer technology in China—feel more unwelcome. But Beijing figures China's huge market will remain a draw. According to a new survey by the U.S.-China Business Council, 83% of more than 100 member companies in manufacturing, services, energy and agricultural sectors count China as either the top or among the top five priorities for their global strategies.

Leading development of Mr. Xi's new model is Vice Premier Liu He, the president's point man on economic policies and his chief trade negotiator with Washington, the Chinese officials said. A party loyalist who has a pro-market reputation among colleagues and Western peers, Mr. Liu had championed policies that squeezed some private businesses to rein in excess production of steel and other products. Less-innovative state firms often benefited.

Chinese companies face U.S. pressure and getting shut out of foreign markets.

Now, Mr. Liu appears to be trying to use the new development agenda to push through changes he couldn't achieve before, the officials said, including some that could make more credit available to private companies.

He has instructed China's securities regulators to speed up plans to make mainland stock markets a more viable source of funding for Chinese companies, especially those in technology. More public offerings, such as one by Semiconductor Manufacturing International Corp., are being planned. The Shanghai-based chip maker saw its stock surge more than 200% in its debut in July in a new market known as China's answer to Nasdaq, called STAR board.

Mr. Liu has also been involved in getting various levels of government to identify companies and industries at risk of collapse if they are targeted for U.S. sanctions. Those believed to be especially vulnerable could get more government financing for research and development.

Dan Wang, an analyst at research firm Gavekal Dragonomics, said Chinese firms like SMIC, HiSilicon, a Huawei subsidiary, and Yangtze Memory Technologies Co., have "made credible gains" in designing and manufacturing chips over the past year. SMIC, he said, is about five years behind the world's most advanced foundry.

On Aug. 4, China's State Council issued a directive pledging tax cuts and other financial support for domestic chip makers and software providers.

China has reduced its dependence on foreign countries in other ways, too. Chinese exports contributed to 18% of the country's gross domestic product last year, down from more than a third a decade earlier, though that was largely because of rising living standards, which increased domestic spending.

To further stand on its own, economists said, China needs to boost incomes, incentivize private firms and implement other structural changes. However, efforts to promote the private sector are likely to run up against Beijing's goal of expanding the state sector, the foundation of the party's rule.

"Xi has made it imperative to make the state sector bigger, stronger and better," a Chinese official involved in policy-making said. "That will never change."

WORLD NEWS

Coronavirus Racks U.K. Economy

Second-quarter decline outpaced that of peers as pandemic persisted; slow upturn expected

By Jason Douglas

LONDON—The U.K. recorded a steeper second-quarter contraction than its peers, suffering the worst economic hit from the coronavirus in Europe as well as reporting the highest death toll there.

The U.K.'s economy is already recovering as restrictions on daily life ease and workers trickle back to factories and offices, but Bank of England officials warn that it could take until the end of 2021 to regain the ground lost during the pandemic.

The country's gross domestic product shrank 20.4% in the second quarter, equivalent to an annualized rate of 59.8%, its statistics agency said Wednesday. In the same period, U.S. and German output declined by around 10%, while Italy shed 12%, France 14% and Spain 19%.

"It's been a rough few months," said Richard Swart, global sales and quality director at Berger Global, a northern England-based unit of Germany's Ringmetall AG that manufactures rings used to seal container drums. Sales in May and June fell between 20% and 40%, he said. Sales have since improved but remain sporadic, a sign of continuing uncertainty among customers, Mr. Swart added. "Everybody clings to the hope that there will be a vaccine. That's the ultimate fix," he said.

The outsize hit reflects the timing and duration of the U.K.'s nationwide lockdown. Britain locked down in late March, weeks after comparable European countries, and only gradually began easing restrictions late May. That meant the economy was shut throughout most of the second quarter, whereas Germany and other neighbors had begun to reopen.

ALBERTO PEZZALI/ASSOCIATED PRESS

Britain locked down in late March, weeks after comparable European countries did so to fight the virus.

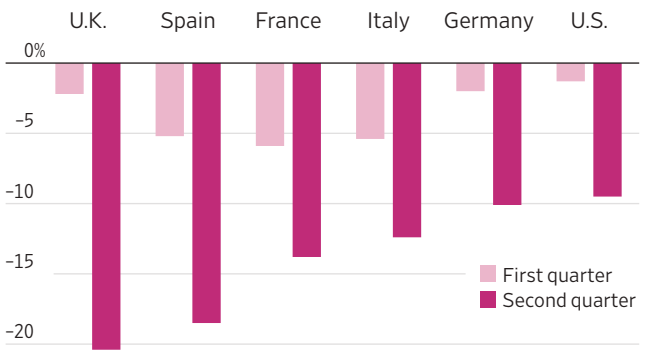
Another factor is the makeup of its economy. Compared with peers, a larger share of the U.K. economy is devoted to activities that require close personal contact, which have been especially hit by measures to halt the spread of Covid-19. The Bank of England calculates that spending on such activities, including going to the cinema or theater, eating out or attending live sporting events, represents around 13% of total output in Britain, compared with around 11% in the U.S. and 10% in the euro area.

Data on Wednesday showed household spending shrank 23.1% in the second quarter compared with the first, while business investment fell by almost a third. Manufacturing and services output both fell by one-fifth as factories idled and businesses closed.

Steve Clift, director of Café Azzurro Events Ltd., said the pandemic has all but vaporized the revenue he would have expected to bring in this year. The Solihull, England-based firm supplies coffee and hospitality services across Europe to conferences and events, all of which were canceled.

The U.K. experienced the steepest economic downturn among rich countries in the second quarter.

Real GDP, quarterly change in GDP, 2020



Note: Seasonally adjusted.
Sources: Office for National Statistics (U.K.); Eurostat (other European countries); Bureau of Economic Analysis (U.S.)

Business "fell off a cliff," he said. He is hoping bookings tentatively scheduled for the year-end will help him claw back some of the first-half losses.

Economic activity picked up in June as lockdown measures eased, official figures showed. The economy recorded growth of 8.7% on the month, led by expansions in hospitality and construction.

Separate data Wednesday showed industrial output in the 19-nation eurozone rose strongly for the second straight month in June. Production at factories, utilities and mines was 9.1% higher than in May, though output remained 11% less than in February, before lockdowns became widespread.

Amid the downturn, the U.K. has, in common with other European countries, spent big to try to keep workers on payrolls. Around 730,000 jobs have been lost since March, according to data on Tuesday, but some 9.6 million employees who might have lost their jobs were instead on a government-backed furlough program.

That program is due to end in October. Treasury chief Rishi Sunak warned Britons on Wednesday to brace for further job losses this fall.

The U.K. has recorded 46,000 confirmed Covid-19 related deaths, the highest tally in Europe and the fourth-highest in the world after the U.S., Brazil and Mexico. That is equivalent to almost 700 deaths per million residents, more than Germany, France, Spain, Italy or, on that per capita basis, the U.S.

Public-health experts say the high toll reflects factors including an aging and diverse population, as older people and some ethnic groups are more vulnerable to severe illness. Britain also has higher rates of obesity, diabetes and other illnesses tied to an increased risk of death than its European neighbors.

Some also pinpoint errors in policy, such as waiting too long to lock down the economy and slowness in rolling out an effective test, trace and isolate program to hunt down new cases and stop the virus spreading.

"We responded really late, and in a chaotic manner," said Linda Bauld, professor of public health at the University of Edinburgh. The U.K. government has repeatedly defended its response, saying it acted swiftly and in line with evolving scientific advice.

Prime Minister Boris Johnson's Conservative Party continues to hold a comfortable lead over the rival Labour Party in the polls. There are two main reasons for this: Firstly, voters think Mr. Johnson's party can better manage the economy; secondly, voters are proving forgiving over the government's handling of the pandemic.

Taiwan Seeks To Deepen Trade Ties With U.S.

By Chun Han Wong

Taiwanese President Tsai Ing-wen said she wants to start talks on a free-trade pact with the U.S., part of a broad effort to deepen her island democracy's partnership with Washington and resist pressure from Beijing.

In an online speech Wednesday, Ms. Tsai said starting negotiations is among her second-term priorities in strengthening ties with the U.S., a key trading partner and arms supplier for Taiwan.

Ms. Tsai didn't set a time frame for the talks. Progress toward formal free-trade negotiations has been stalled for roughly two decades over disagreements that include Taiwanese restrictions on additives used in the production of American pork and beef.

"For too long, closer trade relations have been hindered by technicalities that account for just a fraction of two-way trade," Ms. Tsai said in her comments, delivered to an online forum organized by two Washington think tanks, the Hudson Institute and the Center for American Progress.

The Office of the U.S. Trade Representative didn't respond to a request to comment.

Earlier Wednesday, U.S. Health and Human Services Secretary Alex Azar said he discussed trade issues with Ms. Tsai in Taipei on Monday.

The U.S. is Taiwan's second-largest trading partner. Some U.S. and Taiwanese politicians and policy experts have argued a bilateral free-trade pact would strengthen Taipei's ability to counter economic pressure from China, Taiwan's largest trading partner. China's ruling Communist Party claims the island as its territory.

—Bob Davis contributed to this article.

THE WALL STREET JOURNAL.
WOMEN IN THE WORKPLACE

ONLINE EVENT

Money Matters

August 26 | 5:00–7:00 p.m. ET

The state of the economy has had a staggering impact on women leaders across business. Whether the promotion you were up for is on pause or an anticipated bonus no longer coming in, how can you keep your career on track during turbulent times? Join us for unscripted conversations and deep-dive breakout sessions focused on helping you navigate the financial setbacks caused by Covid-19.

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FROM PAGE ONE

Video Calls Double As Chore Time

Continued from Page One

dropping their online facades on Zoom. Exhausted by days jam-packed with online meetings, many are giving up the pretense of a boundary between work and private lives. Instead, they are seizing on videoconferences as chunks of time to also garden, walk the dog, watch TV and exercise.

Multitasking enthusiasts say that colleagues don't bat an eyelash, and often admit that they, too, are sneaking in other activities with the cameras rolling.

For his part, Mr. Arias said he has accepted multitasking from everyone. During the comments portion at public meetings with the council, he said, someone will inevitably pop up on video with a question while washing the dishes. Mr. Arias now starts off staff calls asking everyone to "just confess," so no one is confused by unexpected background noises when cameras are off but the sound is on, such as barking or honking (dog-walking and driving are two favorite side activities, he has noticed).

Richard Weston, a 44-year-old from Birmingham, England, said he recently tuned out of a video meeting with 60 lodge secretaries for the Freemasons, an international fraternal order. This gathering—a how-to session on properly filling out paperwork—got "a little boring" and had inspired fellow Masons who "are fond of their own voice," he said.

Instead of listening, Mr. Weston used his laptop and two monitors to simultaneously watch a YouTube clip of a sci-fi TV show, scan Facebook, reply to emails and read the news, with his camera on. He also fiddled with some Star Wars Lego sets.

"I was quite surprised that I didn't go into a mental meltdown," said Mr. Weston. He tweeted a photo of the setup, which drew several comments and text messages from other Masons. "Most of them were on Twitter as well," he said.

Jennifer Gilmore, the chief financial officer of a tactical-gear company in Greenback, Tenn., said she will occasionally put up a plain virtual background to obscure her multitasking. But increasingly, the 40-year-old said she finds herself not caring if colleagues get a glimpse into everyday life with her young son. "There is a weight on your shoulders to complete everything," Ms. Gilmore said. She has managed to pick vegetables from the garden, make sandwiches, feed the dog, clean the bathroom and pick up mail during "mindless" video calls. She keeps the camera mostly just on herself and often puts herself on mute. Once, she "went into a trance" and scrubbed the entire bottom floor of her house.

"Life is a mess right now and we just have to embrace it," she added. She said she often doesn't turn the camera off because she still values being able to see other people and other people seeing her—she said the connection is important, even if she is also doing chores during the call.

Asmae Toumi, a Boston health-care-data analyst, said she has been called out once during a virtual meeting: When she looked down to check Twitter on her phone. "My boss joked, 'Are you meditating?' " she recalled. "We all laughed and moved on."

Despite getting caught, Ms. Toumi said she still likes to do multiple things at once on video calls, including workouts. Sometimes, she will turn her own camera off and dip into downward dog or other yoga poses. During one training session on data modeling, Ms. Toumi put the class on one monitor and used the other to take an exercise class with her personal trainer. "I need those mental breaks," she added, "to keep my sanity."

The most nerve-fraying juggling that Kaitlyn Ramsay, a Ph.D. chemistry student from Victoria, Canada, has ever attempted was hopping on two Zoom calls at the same time.

One was a conference where she was required to speak. The other was a group meeting with a professor to go over research. Neither could be skipped or rescheduled—and she had to keep the cameras on. At one point, both meetings asked for her input. "That's when I just had to be honest," said Ms. Ramsay, 24. "I don't have the superpower to multiply myself." She excused herself from the research group to answer a question at the conference.

Elaine Lui, a Toronto-based anchor of the entertainment show etalk on CTV in Canada, cracked open a book while waiting to Zoom with Lin-Manuel Miranda about the film debut of his hit musical "Hamilton." Ms. Lui became thoroughly engrossed in the novel, "Big Summer" by Jennifer Weiner—until a chuckle came from her computer.

Mr. Miranda had joined the chat room, she said, and saw her flipping pages. After she apologized, the award-winning composer put her at ease.

"He said, 'Don't ever apologize for getting lost in a book,' " Ms. Lui said. A representative for Mr. Miranda declined to comment.

Police Cuts Would Face Obstacles

Continued from Page One

ment in the wake of the decision and decried a "lack of respect" for officers.

Other cities are trying to avoid cutting police funding despite hits to tax revenue from the economic slowdown. A few, such as San Diego, have even voted to increase police budgets recently.

The calls for cutting come amid a rise in violent crime in several large U.S. cities this year. Chicago on Sunday saw heavy looting of its Magnificent Mile shopping district following a police shooting that wounded a man in another area. Officers said he had fired on them first.

Chicago had 94 homicides in the 28 days ended Aug. 2. Speaking before the looting, Alderman Matt O'Shea, a Democrat, said, "We just had the most violent month in 28 years. Is now really the time to talk about defunding, whatever that is?"

Activists differ on what defunding police means. Some want to end or deeply cut police departments. Others say it means redirecting a portion of police money to things such as social workers and education.

Polling suggests Americans support changes in policing, but also broadly support police. In a mid-June poll by Pew Research Center, about 42% of Black adults surveyed favored reductions in spending on policing in their areas, and 21% of white adults did.

Gallup polling released more recently found that 47% of all respondents and 70% of Black respondents supported shifting some police spending to social programs. Still, 67% overall and 61% of Black Americans wanted to see the police presence in their neighborhoods remain the same, and about one-fifth of both groups wanted to see it increase.

The polling showed 58% of people support major changes to policing, but just 15% support abolishing the police.

FROM TOP: TYLER LARIVIERE/CHICAGO SUN-TIMES/ASSOCIATED PRESS; JOHN MARSHALL MANTEL/ZUMA PRESS

Chicago police investigated the scene of a mass shooting July 21, above; below, a protest demonstration in New York on July 4.

The view in Atlanta

"What I know from being in city council and now as mayor is that people don't necessarily take exception to the presence of police in their communities," said Atlanta Mayor Keisha Lance Bottoms. "They take exception to bad police in their communities."

Support from voters and politicians is a reason local police spending, now around $100 billion a year, has outpaced the overall growth of city and county budgets over roughly four decades, rising faster than K-12 education, sanitation and parks and recreation, according to a Wall Street Journal analysis of Census data compiled by the Urban Institute think tank. Between 1977 and 2017, local spending on policing rose 176%, versus a 137% rise in general expenses, accounting for inflation.

"In Atlanta when I look at our police budget, I see capital costs, I see salaries, I see pension costs, I see workers' compensation," said Ms. Bottoms, a Democrat. One of her first moves as mayor in 2018 was to increase police salaries.

She has also invested city resources in community programs and is pushing to overhaul use-of-force practices. In June, the city council narrowly voted down police budget cuts called for by some activists.

"Re-imagining our police department is a conversation that I'm very much interested in having," Ms. Bottoms said. "Eliminating the police department is a nonstarter of a conversation."

Some defunding proponents acknowledge that police budgets can't be quickly dismantled but say it is the only way to end law-enforcement tactics they say disproportionately impact minority communities.

It is "going to be a process over time," said Andrea Ritchie, a researcher at the Barnard Center for Research on Women. She has advocated deep cuts in police spending, saying the money could be better spent addressing the root causes of violence.

Police budgets are set by local and state elected officials. Compensation makes up over half of operating budgets, excluding benefit and pension costs, according to a Journal analysis of data from the Census Bureau and the Justice Department's Bureau of Justice Statistics.

Agreements with unions establish work conditions—typically pay, hours and benefits—in 71% of police departments that serve a million or more people and in 53% of police departments serving 500,000 to a million people, according to a Bureau of Justice Statistics report from 2013.

Police pension costs for 12 major cities and counties tracked by the Boston College Center for Retirement Research average more than three times what they did 18 years ago, adjusted for inflation. Pension obligations can be decades long.

New York City's spending on police department pensions has risen 94%, accounting for inflation, since 2005 to $2.8 billion in 2020, according to data collected by the Citizens Budget Commission, a watchdog group.

The 10 U.S. cities with the largest police departments paid out more than $1 billion in settlements and judgments from 2010 through 2014, an investigation by the Journal found. Probes have led to expensive changes such as body cameras and capping numbers of officers per supervisor.

Since the killing of Mr. Floyd May 25, some elected officials have been receptive to shifting police money. New York Mayor Bill de Blasio announced roughly $1 billion in cuts to the $5.6 billion police operating budget for the fiscal year ending in June 2021. Much of the cutting will come from moving functions to other departments. But $439 million is from canceling a police-academy class and, especially, from less overtime.

In Los Angeles, city council members approved $150 million in cuts to the nearly $1.9 billion police budget. The city, already obligated by an agreement to raise police salaries, expects to cut overtime and reduce the force through attrition, according to people familiar with the city's affairs.

In Seattle, where protesters took over several blocks in June, a spokeswoman for the mayor's office said about half of the police spending cut is to come from layoffs that must be bargained with the police union.

Albuquerque, N.M., is planning to shift some police functions to a new "community safety" department, which could respond to 911 calls by sending social workers, homelessness specialists and violence-prevention experts. Only about a tenth of its $10 million budget is expected to come out of the roughly $210 million police budget.

Support for police rose after shootings in 2016, including the Orlando, Fla., Pulse nightclub attack and the killing of five Dallas police officers. A Gallup poll later that year showed Americans' respect for local police at its highest levels since 1967. A Pew poll the same year found a majority of respondents thought the police presence in their communities was the right size; more than a third wanted to see more police, and only 8% wanted fewer.

Support dropped following Mr. Floyd's killing and the nationwide protests. In the Pew poll in June, just 34% of respondents said police did a good or excellent job of treating racial and ethnic groups equally, down from 47% in a Pew poll conducted in 2016.

Also lower was the share who said police do a good or excellent job of using the right amount of force; 35% said so, compared with 45% in 2016.

The roots of police budgets trace to a surge last century in the rate of violent crime. It rose from lows in the 1960s to a peak in the early 1990s of about 758 violent crimes per 100,000 people, according to FBI statistics.

A federal initiative under President Clinton sent billions of dollars to small towns for police hiring. Over 300 created new police departments. New York added 35% more officers per capita between 1993 and 1997, according to Bureau of Justice Statistics data.

Violent crimes fell by half from 1993 through 2018, to 369 per 100,000 Americans, according to FBI data.

Police mandates expanded. By 2016, more than 40% of departments serving 100,000 or more people had task forces on terrorism and cybercrimes. Police became the first government contact for people with troubles such as addiction, mental illness and homelessness. Officers increasingly were stationed in schools to protect and monitor students.

The officer facing murder charges for killing Rayshard Brooks in Atlanta wasn't responding to a call about crime but about a man asleep in his car in a drive-through line.

"The job description has changed. It goes from just doing police work to states disinvesting in mental health, where now we have more and more crisis intervention," said Calvin Williams, chief of Cleveland's division of police.

Cleveland added body cameras and training aimed at reducing the use of force after a Justice Department investigation and a high-profile 2014 case in which a white officer shot and killed Tamir Rice, a Black 12-year-old boy who was carrying a plastic pellet gun. The city agreed to pay $6 million to the child's family.

The cameras and paying other officers to fill in for those undergoing training were costly, said Cleveland's Democratic mayor, Frank Jackson. "Racism is still here," Mr. Jackson said. "And how do you keep it in check? Sometimes it costs money to do that."

Some of what budget setters wrestle with can be seen in Santa Ana, Calif., population about 332,000, where the city council last year approved $25.6 million in salary and benefit increases for the police over three years, in a package negotiated with a police union.

Competing on pay

Jose Solorio, a council member who voted for the increases, said he was concerned about crime. For each 100,000 people in 2018, Santa Ana logged 468 violent crimes, vs. the national average of 369.

"It was necessary to compete in hiring officers in a competitive environment," Mr. Solorio said.

Santa Ana police officers are paid $88,692 to start, rising to $102,684 after 2.5 years, plus benefits. Officers volunteered to delay a raise from the current level for six months to ease the pandemic's effect on the budget.

Cecilia Iglesias was one of two council members who voted against the raises. "The additional money, the $25 million, that could have gone to a lot of services," she said, such as programs for youth and seniors.

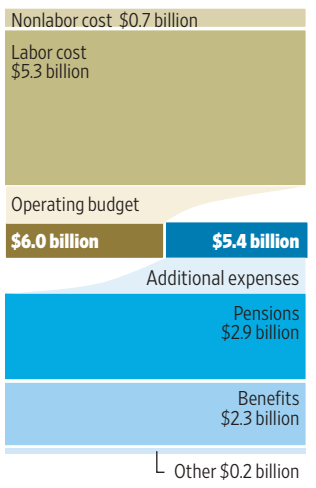
Ms. Iglesias lost her council seat in May. The Santa Ana Police Officers Association spent a total of about $300,000 seeking a recall election and then supporting her ouster after a recall vote was set, election filings show.

Association President Gerry Serrano said the union's support for her recall wasn't related to her vote. He said she "villainizes" those who work to provide public safety.

Ms. Iglesias said, "I support law enforcement and law and order." She said it's the police union she disagrees with.

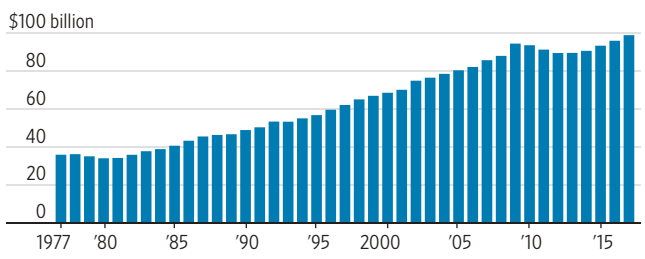
—Rachael Levy, James Benedict and Yan Wu contributed to this article.

New York City Police Department total expenses, 2019

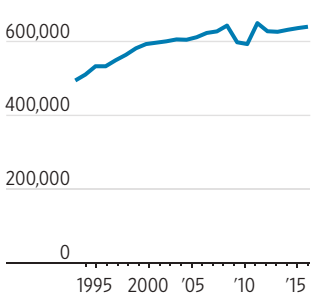


Note: Benefits include health insurance, disability insurance, Social Security contributions, and other benefits. Operating budget total does not reflect some adjustments, such as money spent by other departments on policing.
Source: New York City Comprehensive Annual Financial Report and Citizens Budget Commission analysis of NYC financial records

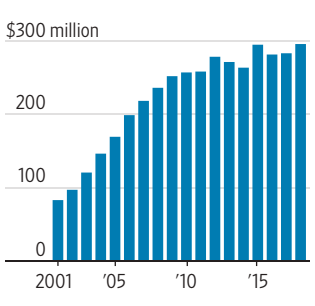
Total spending on local police*



Local police officers in the U.S.†



Average police pension fund contribution for 12 major cities and counties‡



*Adjusted for inflation
†Numbers represent full-time equivalent. No data available for 2001
‡Data set includes all city and county police pension plans tracked by the Boston College Center for Retirement Research. Many plans also include firefighters. Numbers are adjusted for inflation

Sources: Wall Street Journal analysis of Census data compiled by the Urban Institute (spending on local police); Bureau of Justice Statistics (number of local police officers); Boston College Center for Retirement Research (pensions)

GREATER NEW YORK

Thermal Imaging Tested at JFK Airport

People are voluntarily screened for Covid-19 as part of a pilot program at Terminal 4

By Paul Berger

John F. Kennedy International Airport's busiest terminal is testing thermal imaging technology to screen passengers departing from New York City for signs of Covid-19.

About 1,000 people each day are being screened at Terminal 4 as part of a three-week pilot program that started July 30, according to Roel Huinink, the chief executive of the private operator that runs the terminal.

Mr. Huinink said the voluntary screening could be rolled out more widely across the terminal and made permanent if it proves effective and popular with fliers.

Ben Branham, a spokesman for the public authority that runs JFK, as well as LaGuardia and Newark Liberty International airports, said no decision has been made regarding a wider rollout of thermal scanning across its facilities.

JFK is among a growing number of U.S. airports, including Los Angeles International and Dallas Love Field, testing such technology to detect Covid-19 after federal transportation officials declined to institute their own fever-testing program.

The program at JFK uses thermal-imaging technology first developed more than a decade ago for use in Singapore in response to the SARS pandemic. It can detect people with a fever among a moving crowd.

During the pilot, an airport worker stands next to a camera placed atop a mobile cart. The camera monitors a roughly 12-foot wide corridor formed by stanchions, scanning people as they walk toward the unit. The area is set up in the departures hall before check-in and is clearly marked as a voluntary temperature screening. Passengers can enter the terminal from other directions if they wish.

JFKIAT

If thermal scanning proves effective it could expand and become permanent at the Queens facility and other area airports.

Because outdoor temperatures can affect scans, people with a reading above 100.4 degrees are asked to walk toward the camera a second time or to step aside for a voluntary secondary screening using a non-touch hand-held thermometer.

So far, terminal officials say, no one has been found during a secondary screening to have a temperature above 100.4 degrees. Mr. Huinink said anyone with such a reading would be asked if they wish to volunteer details of their flight so that the information could be passed on to the airline.

Terminal 4 is run by JFKIAT, a joint venture between Netherlands-based Royal Schiphol Group and Delta Air Lines Inc. Officials say that during the pilot, they won't prevent passengers from continuing through the terminal, but boarding is at the discretion of each airline.

Elizabeth Wolf, a spokeswoman for Delta, said the carrier will allow passengers to board with a fever, adding that if such a customer wants to change their reservation following the results of the temperature screening, the airline would help them do so.

JFKIAT, like many of its peers, has implemented Covid-19 safety measures such as social-distancing decals, requiring face coverings and restricting entrance to terminals to ticketed passengers. The terminal also opened a Covid-19 testing site for employees.

Mr. Huinink said temperature screening is just one more measure that might boost passenger confidence.

Charles Leocha, chairman of advocacy group Travelers United, said he had concerns that temperature checks miss asymptomatic people who have the virus but don't have a fever. He worried they also catch people who have a fever unrelated to the virus.

A spokeswoman for the Transportation Security Administration referred The Wall Street Journal to guidance issued by the U.S. Department of Transportation, Homeland Security and Health and Human Services in July. That guidance suggested that if airlines deny people boarding based on temperature screening, passengers should be warned of such actions before they arrive at the airport.

Terminal 4's pilot program doesn't include such warnings. But Mr. Huinink stressed that the screenings are a short-term pilot intended to gather data and see if such a system works. He said that someone with a medical condition other than Covid-19 that causes a fever might have papers to prove it.

N.J. Schools Can Start Online Only

By Joseph De Avila

New Jersey schools will be allowed to offer all-remote instruction in the fall, a reversal from the Murphy administration's earlier position that required in-person classes in some fashion, officials said.

The districts in Jersey City and Elizabeth, two of New Jersey's largest school systems, recently asked the state to approve plans keeping students at home this fall for virtual instruction. Unions representing teachers statewide have been calling for schools to continue remote instruction, citing the health risks of Covid-19.

"In every twist and turn in the road we've been willing to listen and to accommodate," Gov. Phil Murphy said Wednesday. "And today we are continuing to show our willingness to listen, to learn and to act accordingly."

Schools that meet the state's health and safety standards will be required to offer in-person instruction at the start of the fall school year, Mr. Murphy said. If districts can't meet these standards, they can offer all-remote instruction, he said. They must present plans to the state indicating when they expect to be able to meet these expectations and resume in-person instruction, he added.

The New Jersey Association of School Administrators, the New Jersey Principals and Supervisors Association and the New Jersey Education Association, the state's largest teacher's union, also called on Mr. Murphy on Tuesday to direct all school districts in the state to open remotely in the fall. Reopening schools, they said, is a public-health decision that shouldn't fall to nearly 600 individual school districts.

"Reopening schools for in-person instruction under the current conditions poses too great a risk to the health of students and schools staff," the associations said.

No single approach will work for every district, and health officials will be alerting school administrators of on-the-ground conditions so districts can make appropriate decisions regarding in-person instruction, the governor said.

Schools can opt for full-remote learning "assuming it's justified, assuming there is a rationale associated with it, there is a game plan that is being put in place," Mr. Murphy said.

Kevin Dehmer, interim commissioner of the New Jersey Department of Education, said most districts have presented plans that include some in-person instruction and only a few have plans for remote-only classes.

In Elizabeth, the school board approved a plan on Monday that calls for all-remote learning after nearly 400 teachers said they can't report to class in-person in the fall, citing health risks, said Pat Politano, a district spokesman.

Newark, which has the state's largest school system with about 55,000 students, still plans to offer in-person classes when school starts in September, said Roger León, the district's superintendent.

Families in Newark have the option of choosing in-person instruction for five days a week or remote learning for five days a week. The district may offer a hybrid option of in-person and remote learning if enough people opt for in-person classes.

NYC Principals Union Seeks Reopening Delay

By Lee Hawkins

The union that represents New York City's principals on Wednesday officially pressed the mayor to postpone reopening schools for in-person instruction until the end of September, saying they need more time and information to safeguard students and teachers against the coronavirus.

The Council of School Supervisors & Administrators, which represents 6,400 school leaders, said the first few weeks of classes should be conducted remotely. Schools can't safely reopen on Sept. 10, the union said, stressing that the city hasn't answered questions on topics ranging from teacher staffing to hand sanitizer.

The CSA outlined its concerns in a letter sent Wednesday to Mayor Bill de Blasio and Schools Chancellor Richard Carranza, doubling down on criticism the union has voiced in recent weeks.

"The city has failed to address many of our crucial concerns and ignored repeated appeals from school leaders to allow enough time to implement highly complicated protocols," CSA president Mark Cannizzaro wrote in the letter.

The mayor said he was aware of the unions' issues, "but this ballgame is far from over," and the system still has a month to get ready.

Mr. de Blasio toured Village Academy in Far Rockaway, Queens, on Wednesday and said he was impressed by seeing desks spaced out, new cleaning techniques, hallway signage and other safety protocols in place in preparation for reopening. Holding classes only online, he said, would "deprive our kids of the very best education available."

Village Academy's principal, Doris C. Lee, said opening will be a challenge. "By the same token, I feel like my children need me, and if there is a possibility to open safely I want to take advantage of that possibility," she said after the tour with the mayor.

—Leslie Brody contributed to this article.

The One That Didn't Get Away

MICHAEL M. SANTIAGO/GETTY IMAGES

NICE CATCH: A fisherman on Wednesday displayed the cobia he caught at Brooklyn's Coney Island Beach, where some New Yorkers tried to escape the steamy weather. Thousands in the region remained without power more than a week after Tropical Storm Isaias hit.

Virus Rises in Brooklyn Neighborhood

By Akane Otani

New York City officials are pledging to test as many Sunset Park residents as possible for the new coronavirus after finding a significant increase in cases in the Brooklyn neighborhood.

The city's infection rate has steadily dropped during the past few months and hovered around 1% for much of July and August. In the past two weeks, however, officials who have tested roughly 3,300 residents in Sunset Park say they have identified 228 Covid-19 cases—the equivalent of a 6.9% infection rate.

Health officials still aren't sure what is driving the rise in cases, and acknowledge that the recent testing was conducted over a limited period.

They didn't provide details about the breakdown of positive cases among different age and demographic groups.

Still, the results were enough of a red flag that officials say they will ramp up efforts to knock on doors, test residents and reach out to community leaders.

"When we see any kind of trend that's unusual, that's when we double down," New York City Mayor Bill de Blasio said during a news briefing Wednesday.

Sunset Park, in south Brooklyn, lies between Park Slope, Bay Ridge and Borough Park. It was home to about 132,000 residents in 2018 with a median household income of $63,490, compared with the citywide average that year of $64,850, according to New York University's Furman Center for Real Estate and Urban Policy. It has both a bustling Chinatown and streets lined with taquerías and Latin-American grocery stores.

New York City Councilman Carlos Menchaca, a Democrat whose district includes Sunset Park, put the blame for the uptick in cases on the mayor.

STEPHANIE KEITH/GETTY IMAGES

St. Michael's Church in the Sunset Park neighborhood, where officials have identified 228 Covid-19 cases.

In a series of tweets, Mr. Menchaca said the neighborhood hadn't received enough help from health officials in fighting the pandemic and conducting community outreach. Many residents of Sunset Park are immigrants who face language barriers or uneven access to the internet, he noted.

"Now that a rapid testing pilot is being carried out, numbers are confirming what we knew," Mr. Menchaca said.

A spokesperson for the mayor's office wasn't available to comment on Mr. Menchaca's remarks.

Sunset Park isn't the first neighborhood to be targeted by health officials. Last month, the city conducted concentrated testing and outreach efforts in the Bronx neighborhood of Tremont, which at the time had an infection rate more than three times the citywide average.

The aim of hyperlocalized testing is to make sure that areas that have lower testing rates and higher rates of infection get resources such as pop-up testing sites and, if necessary, access to hotel rooms, personal protective equipment and food-delivery services, officials said.

"We will be making live calls to every resident, every single household," said Annabel Palma, chief equity officer of New York City's Covid-19 Test & Trace Corps. "We will reach everyone with robocalls and we will knock on every door."

Residents who test positive will be connected with staffers at rapid-testing sites who would be able to advise them on how best to quarantine, Ms. Palma said.

In coming days, the city plans to deploy two mobile-testing vans in Sunset Park, each capable of conducting 80 to 100 tests a day, according to Dave A. Chokshi, the city's health commissioner.

By focusing on specific neighborhoods, the city can "ensure that we're drawing in the people that will most benefit from the tests and services," Dr. Chokshi said.

GREATER NEW YORK

Court Clears Trenton's $10 Billion Debt Plan

By Joseph De Avila

The New Jersey Supreme Court upheld a law giving the state the authority to borrow $9.9 billion to cover a budget shortfall stemming from the coronavirus shutdown.

The state's Republican Party and other GOP lawmakers challenged the new measure on constitutional grounds and argued that a previous state Supreme Court ruling forbids counting borrowed money as revenue to balance the budget.

In a unanimous decision written by Chief Justice Stuart Rabner, the state's top court determined the new measure is constitutional because it meets an exemption for an emergency caused by a disaster. But the court said it wasn't judging whether the law was wise public policy.

"Like so much else brought on by Covid-19, the legal issue before the court is unprecedented," Chief Justice Rabner wrote. "Laypeople, scientists and legal scholars alike would agree that Covid-19 is a true disaster with widespread consequences. The pandemic has caused a health emergency, a broad-based economic one that has devastated many individuals and families and a fiscal crisis for the state."

Doug Steinhardt, chairman of the New Jersey Republican Party, said the GOP was compelled to challenge the new law because it is bad policy.

"This decision confirms that all three branches of the New Jersey state government are firmly in the grasp of the Democrat Party," Mr. Steinhardt said. "The only way to put an end to out of control spending is to send more Republicans to Trenton."

Democratic Gov. Phil Murphy signed the law last month and it was passed by the state Legislature, also controlled by Democrats, along partisan lines.

The state Department of the Treasury has estimated that tax revenue will come up short by $9.2 billion through June 2021. Supporters of the law say the state would be forced to make steep cuts if they can't borrow money to fill the yawning budget gap.

Lights Out for Marquee Restaurant

By Charles Passy And Esther Fung

Michelin-starred chef Thomas Keller said Wednesday that he is shutting down his TAK Room restaurant at Hudson Yards, one of the highest-profile closings to date due to the coronavirus pandemic.

The dining spot is a marquee attraction of the $25 billion complex, which was developed by **Related Cos.** and **Oxford Properties Group** on Manhattan's West Side. The complex opened last year and has tried to position itself as a prime culinary destination, featuring other restaurants from such acclaimed chefs as David Chang, José Andrés and Michael Lomonaco.

The pandemic has upended the restaurant and retail picture at the development. In July, Neiman Marcus Group Ltd., the upscale department-store chain, said it was closing its Hudson Yards location, a key component of the complex.

In announcing the permanent shutdown of the TAK Room and his Bouchon Bakery at Hudson Yards, Mr. Keller said the crisis has "devastated the global economy and caused irreparable damage to our business and profession."

ERIC RISBERG/ASSOCIATED PRESS

Thomas Keller opened the TAK Room in the Hudson Yards complex.

The immediate future didn't look any brighter, Mr. Keller indicated, particularly given Hudson Yards' reliance on tourism at a time when travel is being curbed. "We could not find an economically viable path to continue operating," he said.

Many dining and drinking establishments throughout New York City have closed since the onset of the pandemic, from ones headed by prominent chefs to neighborhood spots. Restaurants currently are allowed to serve diners outdoors and offer take-out and delivery, but indoor dining isn't permitted under New York state's guidelines.

Still, New York-based restaurant consultant Arlene Spiegel said the closing of TAK Room has special meaning because there are few American chefs more celebrated than Mr. Keller, whose other establishments include Per Se in Manhattan and the French Laundry in Yountville, Calif.

"What it shows is that no one is invincible," she said.

Real-estate brokers said the closure of the TAK Room isn't as big a blow to Hudson Yards as the loss of Neiman Marcus, especially because there still are other restaurants in the complex that drew many customers before the pandemic.

The TAK Room's fifth-floor location and the multilevel space that Neiman Marcus occupied will be transformed into offices, Related said.

"The changing market conditions have created additional demand for commercial office [space], and we are adapting our space and culinary offerings accordingly," said Related spokesman Jon Weinstein.

GREATER NEW YORK WATCH

EVAN ZIMMERMAN/MURPHYMADE

Jeanna de Waal plays the princess in the production.

BROADWAY

'Diana' Musical To Debut on Netflix

Broadway is closed until at least January, but another show is finding a home in the streaming world during the interim.

"Diana," a musical based on the life of Diana, Princess of Wales, will be streamed on Netflix next year ahead of its rescheduled Broadway debut on May 25, 2021, the show's producers said Wednesday.

The production, which originally was set to open this spring, had been running in previews at the time of Broadway's shutdown in mid-March as a result of the coronavirus crisis.

The Disney+ service began streaming a filmed version of "Hamilton," the runaway Broadway hit, earlier this summer.

Other Broadway shows also have made deals with streaming services.

The producers of "Diana" said in a joint statement that "though there is no substitute for the live theater, we are honored to be a part of the quality entertainment that Netflix provides its subscribers worldwide."

Netflix Inc. officials declined to comment.

—Charles Passy

NEW JERSEY

Safety Deadline Looms for Railroad

Federal regulators warned that NJ Transit is at risk of missing a federally imposed deadline to install a train-safety system by the end of the year.

The Transportation Department's Federal Railroad Administration said Wednesday that NJ Transit remains at risk of missing a Dec. 31 deadline for installation.

But Kevin Corbett, chief executive of the state-controlled bus and rail operator, said his agency is following a tight schedule that should see completion by the end of the year. "We fully expect to make it," he said.

The federal government mandated the system, known as positive-train control, in 2008 following a series of fatal crashes and derailments. It automatically slows and stops trains that are going too fast or are on course for a potential collision.

—Paul Berger

CONNECTICUT

Police Union Wants New Law Tossed

The Connecticut State Police Union is asking a federal judge to declare parts of the state's new police-accountability law unconstitutional, saying sections pertaining to the public disclosure of troopers' personnel files and internal-affairs investigations violate their contract.

The union announced the move Wednesday, saying it had filed for an injunction in U.S. District Court that would force state officials to comply with the contract. Also Wednesday, more than 850 State Police Union members began a symbolic vote on whether to express no confidence in Gov. Ned Lamont, state public safety Commissioner James Rovella and state police Lt. Col. J. Scott Eckersley for failing to speak out on behalf of troopers against portions of the reform law.

The law, signed by Mr. Lamont on July 31, would strip away exemptions to state Freedom of Information laws in the state police contract.

Brian Foley, a top aide to Mr. Rovella, said: "This is basically a lawsuit against the police accountability bill and new public act. There will be a legal process to work through and we will respect that." Attorney General William Tong's office said it is reviewing the union's court filing and will respond in court.

A spokesperson for Mr. Lamont declined to comment.

—Associated Press

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Frustrated Travelers Battle for Refunds

Passengers struggle with airlines and travel agencies

THE MIDDLE SEAT
SCOTT McCARTNEY

Alitalia and United are among the airlines that have been slow to deliver some refunds this year.

FROM TOP: ALBERTO LINGRIA/REUTERS; DAVID PAUL MORRIS/BLOOMBERG NEWS

Refunds delayed and denied. Vouchers worth thousands of dollars that have already expired, or are so rule-bound they're useless. Interminable telephone holds, unanswered emails and complaints ignored.

Consumers continue to battle airlines over canceled tickets. At stake are literally billions of dollars—and likely lasting animosity toward airlines over punitive policies.

U.S. travel agencies have already handled more than $1 billion in airline cash refunds, according to Airlines Reporting Corp., which processes tickets. That doesn't count refunds issued directly by airlines, which likely more than doubles that total. Then there's the far more common outcome of a voucher issued instead of a refund, allowing the airline to hang on to a customer's cash.

The U.S. Transportation Department warned that any airline operating in the U.S., foreign or domestic, had to refund tickets for flights the airline canceled and couldn't offer an alternative without a "substantial" schedule change. But many international carriers have offered only vouchers. Some forced consumers into accepting vouchers before the airline officially removed flights from its schedule. Some have delayed paying refunds while waiting for government bailouts or new investment.

Worse, some have tried duplicitous methods to pocket expensive tickets, offering nothing in return. Italian carrier Alitalia, for example, told Ellen Schiller that her family of five were considered no-shows for a March 8 Boston-to-Rome flight and therefore ineligible for both refund and voucher. They spent more than $3,000 on the tickets.

Ms. Schiller says she called Alitalia twice before the departure to cancel the trip, but the airline suggested not canceling in hopes the flight would be canceled—the only way they'd be eligible for a refund. She says she made it clear they were canceling because it was obvious Italy was closing down. The March 8 flight took off. On March 9 Italy imposed a national quarantine.

The Schillers appealed to their credit card company for a refund to no avail. They appealed to Alitalia, but a customer-service representative suggested they should have rebooked to a random date in late March hoping that flight would get canceled and they could get a refund.

"The runaround we got was insane," Mrs. Schiller says. Alitalia was "intentionally evasive, difficult, and clearly trying to avoid providing a refund or a credit. I believe they were counting on my giving up hope."

An Alitalia spokeswoman confirmed two late February calls from the Schillers but said they didn't officially cancel. Still, the airline said even though it had previously declined to issue vouchers, it would now do so thanks to an "updated" policy.

The Alitalia example shows how airlines have essentially been making up their own rules to hold on to customer cash. Some carriers, including Colombia's Avianca, Chile's Latam and the United Kingdom's Virgin Atlantic, have filed for bankruptcy reorganization in the U.S. Some, like Israel's El Al, have suspended all operations and are looking for a rescue plan. El Al's website states: "All flight tickets for canceled flights are currently frozen, and you will be able to use them in the future."

> 'I believe they were counting on my giving up HOPE.'

The DOT has been in direct communication "with the largest U.S. and foreign airlines, and other airlines that received a large number of refund complaints, to ensure compliance with the law," a spokeswoman says. The pressure has resulted in passengers receiving refunds after first being denied them.

DOT is "first providing airlines an opportunity to come into compliance and issue refunds. However, the department will take enforcement action against noncompliant airlines if necessary," the spokeswoman says.

The feds did pressure United into rolling back its policy that denied refunds to likely millions of customers. Before the pandemic, United's policy was to offer the option of a refund for canceled flights if the airline couldn't offer alternative flights within two hours. It changed that to six hours. DOT has long held that airlines couldn't change the terms on tickets after they sold them.

In June, United changed its policy back to two hours and said customers forced to take vouchers instead of refunds for flights the airline canceled could now get a refund. But they'd have to call—the airline wouldn't reach out to them.

That was welcome news to Gerald Brown of Pebble Beach, Calif., who wanted a refund on two business-class tickets between San Francisco and London that cost him $5,354. But United denied his refund request.

On Saturday, a day after receiving questions about Mr. Brown's case, United said it was issuing him a refund. His appeal in July had been denied "because it was interpreted as a voluntary change," a spokesman says. "Our mistake."

Says Mr. Brown: "Cows do fly."

Another frustration for consumers: The terms airlines have imposed on vouchers. Though many airlines have given customers a year or more to use vouchers, it still can be tough to redeem them.

Stuart Krawll of St. Louis spent more than $10,000 on American Airlines tickets for a family trip to St. Thomas for 14 people. He paid for all the tickets. Any refund would go back to his credit card. But with vouchers, each passenger gets the credit, regardless of who paid. Only the ticketed passenger can fly on that voucher.

Mr. Krawll's seven grandchildren—the youngest between 3 and 7—each have a voucher. The family trip likely won't be rescheduled anytime soon because of the complexity of getting schedules lined up. Instead, Mr. Krawll and his wife have several overseas trips planned for 2021 and 2022 for which they'd like to use the vouchers.

"Airlines should let the voucher credits flow back to whoever paid for the tickets," Mr. Krawll says. Flexibility in this case, he notes, "costs them nothing."

American says it will make an exception for Mr. Krawll and give him one credit to use. American is making exceptions to its policy, trying to take care of customers in the pandemic, but stressed this was a one-time exception for Mr. Krawll

Please turn to the next page

ANATOMY OF A SONG | MARC MYERS

Jealousy and a Late Night Sparked 1974 Hit 'Sundown'

A prolific Canadian singer-songwriter and recording artist since 1962, Gordon Lightfoot became a country-folk sensation when "If You Could Read My Mind" crossed over to the U.S. charts in 1970.

Then came "Sundown" in 1974. The song, about a failing relationship, reached No. 1 on two Billboard charts. Twelve years later, Cathy Smith, the song's unnamed subject, pleaded no contest to injecting comedian John Belushi with a fatal dose of heroin and cocaine in Hollywood in 1982 and served 15 months in prison.

Recently, Mr. Lightfoot and producer Lenny Waronker looked back at the song. Mr. Lightfoot's latest album is "Solo" (Rhino), and a documentary on his life, "Gordon Lightfoot: If You Could Read My Mind" will be available streaming on-demand on various platforms starting Aug. 21. Edited from interviews.

Gordon Lightfoot in shot promoting his album 'Sundown' on Reprise Records.

MICHAEL OCHS ARCHIVES/GETTY IMAGES

Gordon Lightfoot: Jealousy isn't healthy for a relationship, but it tends to work out pretty well when writing a song. At least it did for me.

In June 1973, I was living in Aurora, Ontario, about 40 minutes north of Toronto. I wanted to see how I'd do writing in the country, on the quiet side of things. I was due to record my next album that fall and needed another bunch of songs.

In Aurora, I rented part of a small two-story farmhouse on land that no longer was being worked on. The space had a sizable music room where I could write and keep my instruments and records.

At the time, I was living with a woman named Cathy. We first met in 1971 at a country & western lounge in Toronto's Edison Hotel. I went there to hear an artist backing singer George Jones.

At some point, I looked across the bar and saw her. Cathy was beautiful. We made a date to go out and before long we moved in together.

Two years later, up at the Aurora farmhouse, our relationship was fading. My first wife and I were separated and soon to be divorced. I didn't want to jump back into marriage. Cathy was resentful or bored. Either way, we weren't getting along.

Late one afternoon in July, Cathy said she was going into Aurora for a night with her Toronto girlfriends. I wasn't happy about that. Neither of us had been prudent about some of the things we had done in the relationship.

After she left, I watched the sun set slowly out back. I felt tremendous jealousy. Once the ball of orange disappeared behind the hills, I grabbed my Gibson B-45 12-string guitar and began writing a song.

I wrote "Sundown" using just three chords. Once I had the melody, the lyrics came pretty quickly. Given the jealousy and emotional trauma I felt, I knew my relationship with Cathy was in trouble.

As I wrote, I couldn't help imagining that Cathy was chatting up guys. That image turned up in the opening verse:

"I can see her lying back in her satin dress / In a room where you do what you don't confess."

The same goes for *"She's been lookin' like a queen in a sailor's dream / And she don't always say what she really means."*

"A queen in a sailor's dream"—I was happy with that line. It's one of my favorites in the song.

The chorus—*"Sundown, you better take care / If I find you been creepin' 'round my back stairs"*—was aimed at the imaginary guy she met. If you're gonna pick up my girl, don't show up at my house, please.

"Sometimes I think it's a shame / When I get feelin' better when I'm feelin' no pain." That's about drinking to numb the emotional pain.

"I can picture every move that a man could make / Getting lost in her lovin' is your first mistake." In those lines, I'm imagining guys checking her out.

The sunset was so beautiful that evening it made me mellow and aware of what I was feeling and how saving the relationship was pretty much impossible.

But I was happy the relationship was winding down. You can hear my two different emotions in the song—a sense of blues and relief.

Cathy returned alone by 2 a.m. All of that stuff I had cooked up in my head—it was imaginary. When she came in, I had finished "Sundown" and was already on to another.

In the weeks that followed, I finished writing the album's remaining songs. I knew from the start I wanted a big bass part for John Stockfish. He was a great player. The same was true for guitarist Red Shea. We had worked as a trio for years.

In November '73, we recorded at Eastern Sound Studios in Toronto.

Lenny Waronker: In Toronto, drummer Jimmy Gordon played the first take with an emphasis on the second and fourth beats. But something didn't sit right.

Fortunately, the engineer I was working with—Lee Herschberg—was pretty damn smart. He suggested we ease up on the backbeat. So in the verses, I had Jimmy hit just the fourth beat. That opened up space so you could better hear Gordon's vocal and guitar part.

The first time Red took his electric-guitar solo, it didn't sound cool enough. The lyrics had a lot of drama, so the solo needed a toughness or a vibe.

Red and I talked about it for a while. Then I had a suggestion: "What about Pops Staples? Let's go that route."

Pops was the father of the Staple Singers and the group's guitarist. He liked playing with a lot of tremolo. So Red adjusted his settings, and the tremolo added a lot of character to his solo. It was an easy fix, and it worked.

Mr. Lightfoot: After the summer in Aurora, Cathy and I moved back to Toronto. We were together for another year and split in mid-'74, after "Sundown" came out.

I never told her it was about her. In fact, it wasn't about her. It was about me. I was singing about the emotional stress I was going through leading up to our split.

It was a tough breakup. Cathy had gotten to know my kids from my previous marriage. We had a good thing, but the relationship didn't have fidelity across the board.

After we parted, I saw her from time to time in Toronto. But I didn't feel bad. It had to be done. I don't know if she figured out the song. She probably did. I never got into it with her.

The Aurora farmhouse is gone now. It was torn down soon after to make room for Highway 404. But the sun still sets beautifully up there, especially in the summer.

A documentary followed the 2018 Boys State gathering in Texas. Steven Garza, below, emerged as one of the stars.

APPLE TV+ (2)

In 'Boys State,' Texas Teens Play Politics

Campaigning gets messy in a film about a mock election

By Ellen Gamerman

The new documentary "Boys State" follows Texas teenagers who create a mock government in an annual civics exercise organized by the American Legion. It is campaign politics in miniature, complete with mudslinging, pandering and playing to the cheap seats.

Watching so many boys in matching white shirts whooping at each other veers at times into the territory of William Golding's 1954 cautionary novel "Lord of the Flies." But then fly-on-the-wall observations and character studies recall campaign documentaries like "The War Room," a behind-the-scenes look at Bill Clinton's first bid for the White House.

Boys State gatherings occur every year in states across the country. The film captures the event in Texas in June 2018, when more than 1,100 rising high-school seniors sponsored by local American

Legion posts assembled in Austin for six days. They split into two parties—Nationalists and Federalists—and campaigned for leadership positions including the top slot of governor.

San Francisco directors Jesse Moss and Amanda McBaine said they knew there were sensitivities around shooting young people but they kept rolling. "We don't pull back in the film—the conduct of the characters we followed, their actions, the reflections on their choices they make, they are very real and painful and some have come at a cost," said Mr. Moss.

The documentary, premiering Friday on Apple TV+, was shot in 2018 amid ##MeToo revelations and conversations around toxic masculinity. Ms. McBaine said she was preparing herself for an unflattering experience of modern boyhood but found something else. "I saw all kinds of empathy and listening and compromise," she said. "And crying—I didn't expect it to be quite as emotional an experience as it ended up being."

The film won the U.S. grand jury prize for documentary at Sundance earlier this year.

One of the documentary's early stars is Nationalist candidate Steven Garza, an earnest Texan born in a town near the Mexican border who talks about politics as public service and is so soft-spoken he barely gets enough signatures to make it on the ballot. He faces off in the primary against Robert MacDougall, a backslapping picture of confidence who plans to apply only to West Point and wears fancy cowboy boots he bought with bitcoin profits. Mr. MacDougall struggles for a campaign slogan. Supporters like "Vote for Someone—Vote for Rob" and "Rob's Enough."

The film shows Mr. MacDougall campaigning against abortion rights. "Why should we deny that future Texan their right to life?" he says amid cheers. Privately, in an on-camera interview, he says that he supports abortion rights but figures he can't approach a majority with a minority opinion. "Sometimes you can't win on what you believe in your heart," he says.

In an interview, Mr. MacDougall, now a student at West Point, said he felt remorseful about that move: "I shouldn't have done it in Boys State politics, but it does accurately mirror the real world."

In another scene, Nationalist Party leader René Otero stops an attempt to oust him and reduces his critics with a single withering sound bite. Mr. Otero, his gaze leveled over granny glasses low on his nose, surveys his fellow students from a critical distance. He is the only student the directors didn't preselect as a main character and instead emerged as a star while the cameras already were rolling.

A quasi-villain appears in the Federalist Party's chairman Ben Feinstein, a teen from San Antonio who treats politics as a game. He capitalizes on Mr. Garza's participation in a "March for Our Lives" rally, building an Instagram page that portrays the campaign rival as antigun. He tries to get intel on the Nationalists, attempting to exploit the disarray in that party's ranks. He endorses what he calls "shock and awe" campaigning.

Two years after the events of the film, Mr. Feinstein sounds contrite. "I expected the 'Ben Feinstein victory reel,'" the rising college sophomore said. What he got was more sobering. "I saw a mirror of myself. And I saw a lot of actions that I don't think should be the norm in our politics. I don't really feel proud of myself."

But he doesn't regret being in the documentary. "The amount of people that saw my behavior and said, 'This is an example of what we don't like about politics' far outweighs any minute burden that I have to suffer," he said. "If that behavior can serve as an example of what we don't want to see in the system, then that's great."

Refunds Elude Air Travelers

Continued from page A9

because so much was tied up in tickets for minors.

Frontier has a 90-day expiration on its vouchers—a significant gotcha, since so many are uncertain when they will start traveling again.

Cynthia Blouch learned just how costly that could be in July when she went to redeem her $4,593 Frontier credit left over from a canceled spring break family trip for five from Cleveland to Cancún. Frontier's website said, "the credit you are trying to use has no value."

A Frontier Airlines passenger.

Ms. Blouch had spent several weeks unsuccessfully trying to reach a customer service representative to book new flights before the expiration. Calls went unanswered or were disconnected. She couldn't find an email address for Frontier customer service. "It has been very frustrating," she says.

Frontier spokesman Zach Kramer says the airline decided to reinstate Ms. Blouch's credit for 48 hours so she could rebook for a later date, which she did right away for next April.

Mr. Kramer noted that the airline's schedule is open for booking through September 2021. Frontier is working with customers "to accommodate their travel wishes, within our policies," he says.

DAVID ZALUBOWSKI/AP

HERE'S WHAT IS STREAMING THIS WEEK

Trending: 'How to Sell Drugs Online (Fast)' (Netflix)

Movies and series that prove popular

When Lisa returns home to Germany from studying abroad in the U.S., her boyfriend Moritz is devastated by two pieces of news: she no longer wants to be his girlfriend and she really likes the party drug ecstasy.

"How to Sell Drugs Online (Fast)"—which Netflix says is its most-watched German original series in Germany and is available with subtitles or dubbed in English—tracks how Moritz's efforts to win his girlfriend back through pills leads him to sell drugs online with his best friend.

The show, now in its second season, explores the complications that can arise when friends become business partners, their product is illegal, and selling it is as dangerous as using it. Creators Philipp Käßbohrer and Matthias Murmann said they've met some criticism for their abundant depictions of drug use. They counter that they aren't arguing that drugs aren't dangerous, but that the internet can be just as devastating.

"No one talks about that," says Mr. Käßbohrer. "They learned in school that drugs are dangerous, but no one learns that it's dangerous to become a YouTube star. We just wanted to address those dangers on a similar level."

An Expert Recommends: 'The Romanoffs' (Amazon Prime Video)

RZA is a founding member of the Wu Tang Clan and director of the film "Cut Throat City," out August 21. Here, he recommends a TV series created by Mad Men's Matthew Weiner.

"My wife and I recently watched 'The Romanoffs' on Prime Video. I was interested in it because I'm interested in history. My wife agreed to watch it just to be a good wife. But it surprised us both. We fell in love with it.

The show is about people around the world who believe they're descendants of the Russian royal family. I thought the show was going to take place in the 1700s or something. But it depicts the descendants of the family in the present day. It's an anthology, so the stories are completed in each episode.

One episode is about a rich, racist woman in France who hires a young Muslim woman to be her maid. She's terrible to her—calls her a terrorist. But eventually, she's the only one taking care of this old woman, and the two build a different type of relationship and understanding for each other, which I thought was very crafty. The show is funny, unexpected and really well written."

New Release: 'Mapleworth Murders' (Quibi)

Newly released movies and shows

"Mapleworth Murders," a mystery comedy on Quibi that began streaming this week, revolves around Abigail Mapleworth, an author and amateur sleuth who has a talent for solving murders—or, as she calls it, "mahhhrrrder."

The show was created by Paula Pell, who plays the title character, and John Lutz, who plays a local cop. The two worked together on "Saturday Night Live," and the first season includes appearances from a who's who of SNL alums—from Tina Fey and Maya Rudolph to Tim Meadows.

Ms. Pell says Mapleworth is unabashedly

inspired by "Murder, She Wrote" sleuth Jessica Fletcher as well as women she has gravitated toward her entire life. "I love that kind of older lady that puts on lipstick and wants to tell you all her secrets," Ms. Pell says. "I've always had funny women in my family like that. So it's a mix of those ladies and theater broads that I grew up just worshiping."

Relevant Oldies: 'Jaws,' 'Star Wars' and 'The Terminator' (HBO Max, Disney+, Amazon respectively)

Old movies and series that are newly relevant

Summer is usually the season of the big-budget movie blockbuster—but the pandemic has put some of the biggest on hold. If you're looking for a fix, though, the "Blockbuster" podcast, currently in its second season, casts a new lens on old standbys.

The podcast series is a biographical audio play that pulls back the curtain on the making of some of the biggest movies of all time in celebratory, tales of the anxieties, disasters and near misses that were part of bringing films like "Star Wars," (*Disney+*) "Jaws" (*HBO Max*) and "Titanic" (*Amazon*) to life.

Complete with an original score, sound effects and a cast of actors—basically a biopic without pictures, says creator Matt Schrader—

the first season spends six episodes portraying Steven Spielberg and George Lucas in the 1970s. The second season, which wraps up Wednesday with an extended finale, devotes 10 episodes to the life and career of James Cameron. It explores his early days working on film sets, his complicated relationship with his father, and the pitching and making of films like "Aliens" (*HBO Max*) and "The Terminator" (*Amazon Prime Video*)—with a cast that includes a dead ringer for Arnold Schwarzenegger arguing the virtues of "I will be back" over "I'll be back." —*Chris Kornelis*

CLOCKWISE FROM TOP LEFT: NETLIX; EVERETT COLLECTION (2); AMAZON PRIME VIDEO; ICONS BY ROB WILSON

ROLEX
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ARTS IN REVIEW

ABROAD AT HOME

Architectural Clickbait

Setting foot in great buildings may not be an option now, but digital tours offer an alternative

By Michael J. Lewis

IF WE HAVE LEARNED anything this year, it is that virtual reality is a pitiful substitute for the real thing. Architecture is not only a visual but a spatial medium, which we experience with our entire body, consciously and unconsciously. Even with the finest digital simulation we miss the evidence of our other senses—the resonant echoes that tell us the shape, size and materials of a space; the distinctive fragrance that gives every room an olfactory fingerprint (like the uncanny combination of chalk dust, beeswax and resinous wood in our old schoolrooms). But as it happens, a virtual building can give us other rewards.

Le Corbusier's Villa Savoye (1928-31), at Poissy, just west of Paris, is one of the greatest and most spatially complex houses of the past century. Not a boxy container, it opens itself up to air and sky, in the manner of an ocean liner, with tiers of open decks. And its details are suitably nautical, with trim metal railings, inclined ramps, and curved screens at the top that evoke smokestacks. The sense is not that of a heavy object, anchored to the earth, but a clean and sleek machine, gliding above it—"the house is a machine for living in," as Le Corbusier liked to say.

For a thoughtful and intelligent introduction to the house, one should see the video produced by the Open University as part of its course on the History of Architecture and Design 1890-1939, viewable on YouTube on the CCAchannel.

But to experience it spatially, one must explore the images available at 360Cities, which is an educational collection of 360-degree panoramic photographs. The experience is akin to that of standing in the middle of a room and craning your head in every direction, but with the ability to zoom in like a telescope. You can stand in the entry hall, where both a ramp and a spiral stair suggest fluid effortless movement. Or forge out onto the main terrace, where the tight geometry and hygienic white walls heighten the contrast with the opulent natural scenery beyond. Or emerge onto the upper terrace, which is discreetly screened for private sunbathing. (For a lighthearted sendup of the International style and Modernist-chasing trendsters, readers should watch Jacques Tati's "Mon Oncle," available for rent on Amazon and elsewhere.)

Buildings designed as free-form sculpture need to be experienced in the round; with Google's Arts and Culture project you can stroll around one of the greatest of them, Australia's Sydney Opera House, now undergoing a major renovation in advance of its 50th anniversary in 2023.

In 1957 Jørn Utzon, a young Danish architect, won the international competition with a dazzling proposal to thrust an opera house and an auditorium out into the harbor, carried on what seemed to be a floating platform. Each was roofed with a cascade of shell-like arches, suggestive of billowing sails but also of concentric waves of sound, symbolizing both its site and its function. Curvilinear forms of this sort had briefly been popular during the 1920s, but during the Functionalist 1950s they were seen as self-indulgent and frivolous. Fortunately, one of the jurors who judged the competition was Eero Saarinen, then designing the other great free-form sculptural building of the era, the TWA Flight Center, and he pushed for Utzon. The website of the Sydney Opera House offers a terrific overview of the design history, including the original competition program. Construction began before the design was finalized, with unfortunate consequences, as we learn from the short YouTube video "Building an Icon."

Although Utzon was fired in one of those disputes typical of highly politicized building projects and did not remain to design the interiors, his building was an international sensation and has remained influential to this day. Its most important descendant is Frank Gehry's Guggenheim Museum in Bilbao, Spain (1992-97), that strange paradox of a building with bulging muscular forms but surprisingly delicate surfaces. That delicacy comes from its cladding in titanium, a metal so strong that it is milled to a third of a millimeter, and its panels actually tremble slightly in the wind like the wings of a butterfly.

The story is well told in Julien Donada's documentary "The Guggenheim Museum of Bilbao," which one ought to watch before embarking on a virtual tour of the building; it is available on YouTube. With Google's Arts & Cultures site, you can roam the interior freely, and you can even squeeze your way down the length of Richard Serra's serpentine steel sculpture called "Snake." You will be puzzled and disoriented, but no more so than on a visit to the actual building. In short, the supply of virtual buildings is nearly inexhaustible. But when you see the real thing in person (and you should), expect to be surprised. If you have ever met someone you knew only from photographs, you will understand why.

Mr. Lewis reviews architecture for the Journal.

The Sydney Opera House, designed by Jørn Utzon, above; the Guggenheim Museum in Bilbao, designed by Frank Gehry, below; the Villa Savoye, designed by Le Corbusier, bottom

FROM TOP: GETTY IMAGES (2); ALAMY

APPLE TV+

Nick Mohammed, Jason Sudeikis and Brendan Hunt in 'Ted Lasso'

TELEVISION REVIEW | JOHN ANDERSON

A Clueless Coach Confronts New Rules

It takes no time at all to see that "Ted Lasso" is a gleefully ridiculous show based on a ludicrous premise: An American college football coach—one who doesn't know relegation from jubilation—is hired by a struggling English Premier League soccer team whose followers make New York Jets fans seem like chess-club cheerleaders. That the coach himself is a live-action knockoff of Ned Flanders certainly doesn't make it any less mad.

But as Ted settles in—and the players treat him with contempt, and the press excoriates him and the fans call him filthy names—"Ted Lasso" casts a certain spell: If nothing else, you want to see where in the world it can go, other than to the fictional Richmond FC stadium.

As some will be aware, "Ted Lasso"—one of the very few TV series ever spun off a TV commercial—is based on the character that Jason Sudeikis, then a "Saturday Night Live" cast member, played for NBC Sports when it began presenting Premier League soccer in 2013. Making a mockery of the broadcast booth, Ted Lasso was not just clueless about European football, but blissfully ignorant about his own ignorance. He probably put potential American subscribers at ease about any unfamiliarity with the game, because no one could know less about soccer than Ted.

As played with full commitment by Mr. Sudeikis, Ted is a cringe-inducing character—he isn't just unschooled in soccer, he doesn't ever read the room. Nor does he ever entertain the idea that there might be an agenda behind his being hired by Rebecca Welton (Hannah Waddingham) to run the club—of which she's the new owner, thanks to her divorce agreement with her billionaire ex (named Rupert, which seems a little obvious). We find out why soon enough: The club was the only thing the shameless, egomaniacal and philandering Rupert (Anthony Head) ever loved, she says, so she's going to "burn it to the ground." Ted is her matches and gasoline. Or, if you prefer, petrol.

Ms. Waddingham is a big reason to watch "Ted Lasso," turning what might have been a tiresome, dragon-lady character into something much more nuanced. Likewise, Juno Temple, who elevates her character Keeley from being simply the bimbo-esque girlfriend of the megalomaniacal striker Jamie Tartt (Phil Dunster). In many ways, in fact, "Ted Lasso" reverses a very standard sitcom formulation: Instead of the central character being the sensible one around whom wacky characters revolve, the people surrounding Ted are complicated, plausible humans. Ted is the cartoon, although there are moments when he reveals an intelligence and savvy utterly at odds with his aw-shucks Americanism. Is he working for the CIA? It doesn't seem like the show is going that way, but who knows.

Created by Mr. Sudeikis and Bill Lawrence ("Scrubs," "Spin City"), "Ted Lasso" has enough characters with substance to send the storyline down any number of avenues. An obvious one is the rivalry between the prickly veteran Roy Kent (Brett Goldstein) and the preening Jamie, who dismisses Roy as an old man. Another might involve the "kit boy" Nathan (Nick Mohammed), the gentle young gofer from whom Ted has won eternal allegiance just for remembering his name. (British class awareness takes a few hits in "Ted Lasso," as does the open-mindedness of the standard-issue Premier League fan.) The series will launch with three episodes and present the remaining seven on subsequent Fridays. If you're already subscribing to Apple TV+ it's worth a look.

Ted Lasso
Begins Friday, Apple TV+

SPORTS

JASON GAY

College Football Isn't a Bubble

The Big Ten and Pac-12 say farewell to fall sports, and some fans are furious. Is it worthwhile anger—or magical thinking?

This stinks. All of it.

Don't fall for the nonsense that there are powerful forces thrilled by the imminent demise of college football—a cabal of sports haters and/or media elitists who want a shutdown to happen, and are now taking smug satisfaction that games won't be played in major conferences like the Big Ten and Pac-12 this fall.

Nah. Don't buy it. This situation stinks. This stinks for basically everyone, including the folks charged with this impossible decision.

Most of all, it stinks for the players, young athletes who worked hard just to get to August, who sacrificed and trained their bodies and followed the health protocols to give their teams a shot to play in September. If we know anything about a college football career, it's that it goes by in a blur, and the vast majority of the players don't wind up playing on Sundays. College is the pinnacle of a lot of football lives—and it's a shame that a season looks to be lost.

They wanted to play. I know that became a hashtag, but I believe it very much.

The players aren't the only ones losing out, of course. School this year isn't going to be the same. School this year wasn't going to be the same, no matter what, but some great college towns in America are going to lose something meaningful, even if it was just going to be a stripped-down, no-fans version of the beloved tradition. The SEC, ACC and Big-12 are hanging in there, saying they're on track to play, but it's unclear if that will hold.

Spring football? Who knows.

This situation also stinks for the coaches, assistants, trainers, administrators and college presidents, the people who work in the stadiums and surrounding stores and restaurants, and whomever has to call the fattest cat donors and tell them the suite is locked and the whole thing is off. Big-time college football is big business, it's undeniable, and a heavy hammer is about to fall.

There will be layoffs, Barry Alvarez, the athletic director of my Big Ten alma mater, Wisconsin, told reporters on Tuesday. One assumes that's just the start of it for impacted schools. Football revenue has long tentacles, and other programs will likely feel the pain.

Speaking of which, let's not forget that this isn't just football losing a fall season in these conferences. Cross-country, field hockey, soccer, women's volleyball—all of them are hitting pause, too. Those are finite athletic careers as well.

Then there are the TV networks, where the suits are surely screaming into the void at their suddenly empty schedules. Their money is what was driving this push to return, after all. Yes, the players wanted to play; the coaches wanted to coach; you and I would have enjoyed watching it; but the reality is that bills need to be paid.

The Ohio State Buckeyes won't be taking the field this fall. The Big Ten and Pac-12 decided to postpone football amid the coronavirus pandemic.

SCOTT STUART/ZUMA PRESS

It's an uncomfortable truth. And after decades of watching schools wrap themselves in folksy myths of amateurism, it was pretty amusing to watch some of them acknowledge the bottom line. Scott Frost, the coach at Nebraska, estimated the hit on the athletic department for canceling football this season could be between $80-to-$120 million. Such an admission should make a reasonable person think yet again about what a warped form of capitalism college football is, how a head coach can make $8 million, an offensive coordinator $2.5 million, the strength coach half a million, and the player is given the slippery term of art *student-athlete* and remains unpaid for their contribution on the field.

It's an imbalance that some current players are rallying to change, as they lobby for an overdue seat at the table. And it makes it a little jarring to hear voices that dismiss talk of player compensation get behind #wewanttoplay like it's a scene in "Norma Rae." (Can we retire the false dilemma that players are better off among their teams than they would be at home? No one's telling teams they need send their athletes home. Keep 'em there! Test them!)

I respect the passion. This country loves college football and would love any way for it to happen. Me, too. But some of the damn-the-torpedoes talk this week has been a bit much. Here's former Notre Dame coach Lou Holtz, reckoning with the decision by the Big Ten and Pac-12: "When they stormed Normandy, they knew there would casualties and there would be risks."

Nobody knows for certain what path is best—for college football, or for anything. Not yet.

Coach! Love you! Can we agree the stakes here are *mildly* different?

The big picture is important, because the big picture is why we're here. College football isn't a bubble, sad to say. It is vast and hard to manage, and it is far from the only industry swept up and tormented by this crisis. Millions in this country remain out of work or underemployed. The national unemployment rate hovers at 10%. The havoc is substantial. I haven't even gotten to the unfathomable number of lives medically impacted and lost.

And here's the thing: We still don't have a handle on it. The numbers are leveling in some places, growing more upbeat in others, and there are a few pockets of fresh concern. But the curve has not been flattened as much as it has been dulled, and our current approach to mitigation seems to be muttering *it isn't so bad* and hoping it all works out. Magical thinking isn't what has worked in other countries, and it hasn't worked here. It's why when colleges went to their doctors and asked for assurances that everything would be OK, they couldn't get it.

"In the end, there were too many questions that we couldn't answer, and the doctors didn't have answers," Alvarez said in a video message to Wisconsin fans last night.

I know: This is all so annoying. This is the inconvenience of developing science, and it's deeply frustrating when you're trying to get back to work, fully open your business, get your kindergartner to kindergarten, protect your grandparents or beat Michigan by two touchdowns on the road. It's also deeply frustrating if you only want to hear good news.

These past five months have not been our finest hour. As this pandemic has simmered on, and good-faith efforts at mitigation have yielded to fatigue, our impatience has degraded into a blame game in which the usual sides are taken, stats are cherry-picked, and a public-health crisis is turned into a choose-your-own-science segment on cable news. We have politicized masks, schools, bars, beaches, and now college football Saturdays. This is a complicated crisis which involves trade-offs between the health of our communities and economic destruction, and instead, the internet teems with amateur epidemiologists and moral philosophers who claim, with comical certitude, to know the correct path forward.

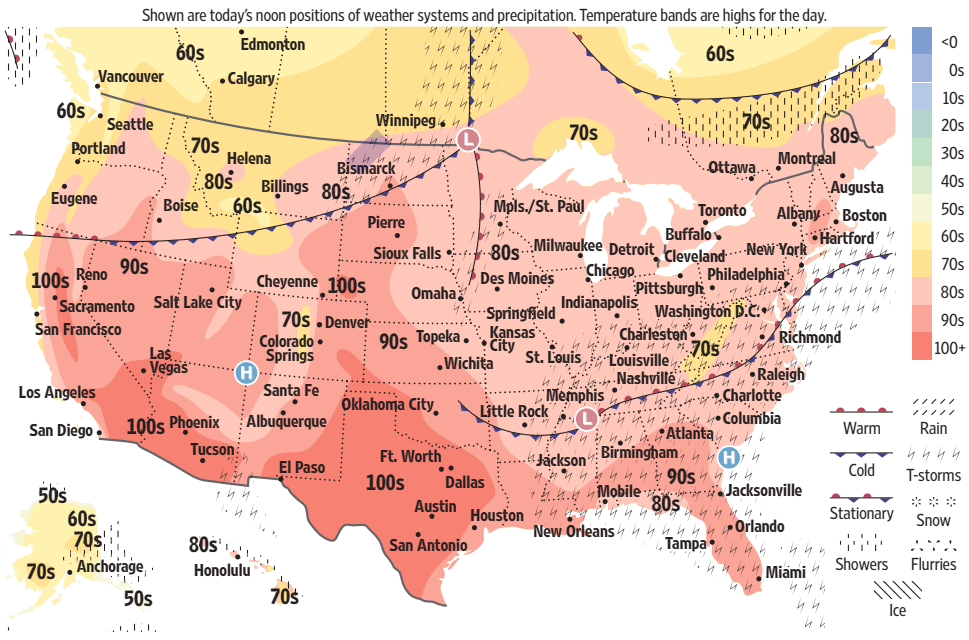
Such clarity is a mirage, I'm afraid. Nobody knows for certain what path is best—for college football, or for anything. Not yet. We have work left to do, all of us.

And, yeah, it stinks.

Weather

AccuWeather Plan your week | Get the NEW app

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

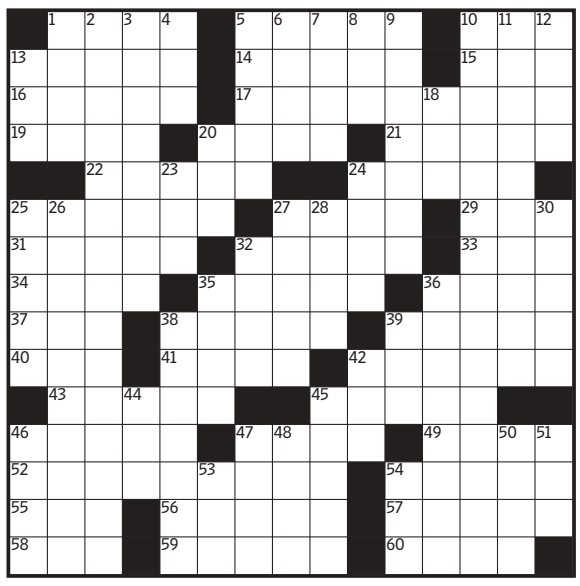
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

	Today			Tomorrow		
City	Hi	Lo	W	Hi	Lo	W
Anchorage	67	52	s	67	54	pc
Atlanta	90	70	t	86	72	t
Austin	104	74	s	103	75	s
Baltimore	83	72	t	86	70	t
Boise	89	57	s	91	59	s
Boston	82	69	pc	77	66	pc
Burlington	86	63	pc	83	61	s
Charlotte	86	72	t	86	71	t
Chicago	88	68	s	88	69	s
Cleveland	84	66	pc	85	66	pc
Dallas	102	80	s	103	81	s
Denver	98	64	s	95	62	pc
Detroit	87	67	pc	86	68	pc
Honolulu	89	74	pc	89	76	s
Houston	99	78	s	98	78	s
Indianapolis	86	65	pc	84	67	c
Kansas City	85	71	c	87	70	pc
Las Vegas	106	86	pc	108	87	s
Little Rock	88	69	pc	91	73	t
Los Angeles	92	72	pc	96	71	s
Miami	92	81	t	92	79	pc
Milwaukee	82	67	s	80	68	s
Minneapolis	85	67	c	83	62	c
Nashville	86	70	t	84	69	c
New Orleans	92	80	t	92	78	t
New York City	84	72	c	83	70	pc
Oklahoma City	96	73	pc	98	72	s
Omaha	85	69	t	90	68	pc
Orlando	92	75	t	92	75	t
Philadelphia	83	73	t	84	71	t
Phoenix	113	91	pc	115	90	s
Pittsburgh	86	67	pc	87	68	pc
Portland, Maine	88	66	pc	84	63	s
Portland, Ore.	77	54	pc	85	59	s
Sacramento	101	68	s	103	73	s
St. Louis	88	71	pc	88	68	pc
Salt Lake City	96	68	s	94	70	s
San Francisco	77	59	s	83	64	s
Santa Fe	93	61	pc	93	62	pc
Seattle	75	54	pc	78	57	pc
Sioux Falls	85	71	t	85	59	t
Wash., D.C.	82	73	t	85	74	pc

International

	Today			Tomorrow		
City	Hi	Lo	W	Hi	Lo	W
Amsterdam	85	67	t	78	66	t
Athens	93	77	s	92	73	s
Baghdad	110	82	pc	110	82	pc
Bangkok	90	78	t	89	78	t
Beijing	90	73	r	95	77	pc
Berlin	87	66	s	83	67	pc
Brussels	85	67	t	80	66	t
Buenos Aires	62	48	s	63	42	s
Dubai	103	92	pc	105	91	pc
Dublin	70	58	sh	68	57	t
Edinburgh	66	55	pc	64	54	pc
Frankfurt	87	68	pc	83	66	t
Geneva	84	62	t	79	60	pc
Havana	90	73	t	92	75	t
Hong Kong	89	82	t	90	80	t
Istanbul	87	73	s	83	71	s
Jakarta	91	77	t	91	76	sh
Jerusalem	84	68	s	85	68	s
Johannesburg	68	38	s	68	45	s
London	86	66	t	77	65	t
Madrid	88	62	s	92	63	s
Manila	89	78	t	88	78	t
Melbourne	64	53	pc	63	50	pc
Mexico City	74	55	c	73	54	t
Milan	88	68	pc	87	69	pc
Moscow	60	48	c	63	50	pc
Mumbai	85	79	t	84	79	t
Paris	85	65	t	77	63	t
Rio de Janeiro	85	73	s	84	71	s
Riyadh	108	82	pc	110	82	pc
Rome	88	70	s	86	69	s
San Juan	90	80	pc	90	80	pc
Seoul	86	74	pc	83	75	t
Shanghai	101	83	pc	100	81	s
Singapore	87	80	t	88	79	c
Sydney	72	51	s	68	55	r
Taipei City	96	79	t	97	80	t
Tokyo	91	80	pc	90	80	pc
Toronto	85	66	s	82	65	s
Vancouver	70	53	pc	70	56	pc
Warsaw	83	58	s	84	61	pc
Zurich	81	63	t	78	59	t

The WSJ Daily Crossword | Edited by Mike Shenk



FORM FITTING | By Gary Otting & Wayne Bergman

Across

1 Bosom buds, briefly
5 Character who succeeds Lear as king of Britain
10 MLB pitch measure
13 It means "ocean" in Mongolian
14 Logical beginning?
15 Land in l'eau
16 They run Catalina
17 Judge, frequently
19 Collapsed
20 Person from Mersin
21 Joy of TV
22 Radio sponsor of "Little Orphan Annie"
24 2011 Top Ten hit for Lady Gaga
25 Lines at the movies
27 He played Doughboy in "Boyz n the Hood"
29 "Rodents!"
31 Thanksgiving dinner drawer
32 Cutting comments
33 Alternative to EWR and JFK
34 Term for a dictator
35 Performed abominably
36 Aberdonian, e.g.
37 CPR provider
38 Teasing tribute
39 Pang
40 "I'm lukewarm"
41 Hankering
42 Jewelry store selections
43 Club for the sand trap
45 A sign from above?
46 Harsher, as weather
47 Site begun as AuctionWeb
49 Popular DIY site
52 Drew Barrymore movie subtitled "A Cinderella Story"
54 TV cartoon dog
55 Comb creator
56 Much-anticipated Christopher Nolan film
57 Kaley of "The Big Bang Theory"
58 Propose as a price
59 Highest-grossing film of 1977
60 Some hosp. employees

Down

1 College football powerhouse
2 Fleeting fad
3 Zoom alternative
4 Auntie, to Mom
5 Result
6 Cupid, e.g.
7 Degreaser's target
8 It may be put on a pedestal
9 Co-founder of Sears
10 Writer/director of 1973's "Westworld"
11 "Tell me more"
12 Mannheim mister
13 Cutting comment
18 Father of Bran Stark
20 Explosive letters
23 Draft pick, for short
24 Annoying creep
25 Capital on the Willamette
26 Increases in illegality
27 Not available
28 Jargon
30 Writers Greenaway and Chopin
32 Without accompaniment
35 Eager for a massage
36 Gets fit, and a literal hint to four answers in this puzzle
38 Tots, sarcastically
39 For all that, for short
42 Betray unhappiness
44 "___ Kommissar" (1983 pop hit)
45 Parking lot hazards
46 Big name in country
47 Mediterranean high spot
48 Draft pick
50 Middle-earth race
51 Seek the favor of
53 Handful of
54 Common sports injury site, briefly

▶ Solve this puzzle online and discuss it at **WSJ.com/Puzzles.**

Previous Puzzle's Solution

OPINION

Election 2020: The Year of Weird

By Karl Rove

One of the strangest years in American politics keeps getting stranger. One example is what's happened to the quadrennial national party conventions, which have been an integral part of American politics since 1831, when the parties replaced the old system in which members of Congress selected the nominees.

Many exciting elements of the conventions long ago disappeared with the advent of primaries, the decline of party influence and the emergence of television. No more 103 ballots to select the Democratic nominee as in 1924. No walkouts like Theodore Roosevelt's progressive Republicans in 1912. No contested vice-presidential nominations: That last happened at the 1956 Democratic convention.

For more than 40 years, the conventions have been made-for-television moments, originally with 1960s production values that were a cross between "Hee Haw" and a Jerry Lewis Telethon. More recently, the conventions morphed into extravagantly staged and highly rated miniseries. Some 30 million Americans watched Hillary Clinton's 2016 acceptance speech, and 32.2 million watched Donald Trump's. But now the roaring crowds, breathless gavel-to-gavel coverage, and occasional moments of drama are gone. They won't come back.

Like the conventions, the campaign after Labor Day will be different in many ways, and not only because it will happen in a time of plague and social distancing.

With the two oldest candidates ever to seek the Oval Office, the vice-presidential picks matter more than usual, especially for Joe Biden. It is quite unlikely that, if elected, he'll seek a second term at 81. Sen. Kamala Harris will face more scrutiny than most running mates. Americans will carefully consider whether she's up to the top job. The San Francisco Chronicle ran an extraordinary op-ed by her mentor, former San Francisco Mayor and California Assembly Speaker Willie Brown, advising her to "politely decline" an offer to be vice president and instead try to become U.S. attorney general. It will be discussed around more than a few dinner tables.

Conventions are over, and voters may actually care about the vice president.

Moreover, the polls are stable but narrowing, with the RealClearPolitics average dropping from a 10.2-point lead for Mr. Biden on June 23 to 7.3 points Wednesday. That may not look close, but the race is as unsettled as the nation. Both candidates have high negatives. The pandemic has focused attention on the incumbent's response, which the public has judged harshly. Still, as Mr. Biden comes into focus, doubts may grow about him and his policies, if the Trump campaign is disciplined in turning attention to him.

The race will likely rest on who voters think can better confront our nation's broad challenges. Mr. Biden has the advantage among those whose paramount fear is coronavirus, though his edge could be diminished by events—for instance, if a vaccine arrives soon or if cases and deaths fall. His only real argument is that Mr. Trump has bungled the pandemic response; the Democratic nominee has offered little evidence he has better ideas on how to cope with Covid.

Mr. Trump holds the edge with those who won't tolerate lawlessness in American cities and those who think he'll do a better job in restoring the economy after the plague recedes. He is also likely to win on who is tougher on China. But his weakness is that so far he hasn't laid out an agenda for a second term.

No single ad—along the lines of Ronald Reagan's "Morning in America" or Lyndon B. Johnson's "Daisy" spot—will settle this contest. Victory will come from the cumulative effect of raising doubts about the other candidate and his values. Red-meat attacks that rouse the parties' respective electoral bases will reinforce, not persuade. What will be persuasive are themes that resonate with that 10% or 12% of voters who are still on the fence or leaning one way, particularly suburbanites. Carefully and creatively raising doubts about the other candidate will be more effective than taking a figurative baseball bat to his head.

One more piece of advice: It's time to start spending money. Neither campaign should sit on its war chest. President Obama killed off public financing by declining it so that he could spend unlimited money on his 2008 general-election campaign. Since then, winning presidential campaigns have had more money at the end than they can effectively spend. Candidates kick themselves for not investing earlier in productive activities. The huge increase in early voting and difficulty of persuading swing voters makes wise early investments more important. The candidates will raise more than enough money in the months ahead.

A parting prediction: The race will get closer—and weirder, too—in the dozen weeks left before Nov. 3.

Mr. Rove helped organize the political-action committee American Crossroads and is author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

Daniel Henninger is away.

'Covid Powers' Wreck My Neighborhood

By Julia Vitullo-Martin

New York

For many years I've lived in paradise—the Upper West Side. We have convivial neighbors, beautiful buildings, great subways, excellent theater and dance, fine libraries and bookstores, wonderful restaurants, pleasant markets. There were problems but we worked them out amicably.

Then Covid-19 hit. The streets emptied as people sheltered in place. Retail stores, already hurt by online shopping, closed. Restaurants were shut down. The city cut sanitation pickups. Cops stopped walking the beat. At the same time, vagrancy—a perennial problem—seemed to increase, with panhandlers on many corners, and people with their belongings occupying space on the sidewalks.

Weird things started to happen, and the city government was missing in action. Rather than returning to the depot, bus drivers began parking in undesignated areas overnight and for hours during the day. When challenged, they dismissively told residents to call 311, the city's nonemergency service number. Private delivery drivers selected blocks as distribution areas, with dozens of workers suddenly showing up and unloading hundreds of boxes onto the bike lanes and sidewalks. The Transportation Department refused to help, saying it hadn't authorized the trucks and therefore couldn't regulate them.

Things got even worse when the government did show up. Without a word of warning to residents or elected officials, the Department of Homeless Services, citing "emergency Covid powers," in May moved more than 100 single men into the boutique Belnord Hotel on a quiet residential block of West 87th Street. Four buses full of people had pulled up unannounced in the early morning. The department, which has a six-month lease, refuses to say whether the shelter is permanent.

Almost simultaneously the department moved 130 men into the Hotel Belleclaire, 10 blocks south. In late July it converted yet another hotel, the Lucerne, to a temporary shelter, moving in 283 men, most recovering alcoholics and drug users according to the agency.

Long a progressive bastion, the neighborhood has worked for decades with advocates and social-service agencies to integrate supportive housing for low-income New Yorkers into the neighborhood fabric. I can count seven supportive housing projects in my immediate area.

What's happening now is different. A reeling neighborhood has been forced—with no warning—to accept almost 600 new male residents, nearly all with histories of substance abuse. A handful are registered sex offenders, although the department asserts in its bureaucratic language that it is abiding by state law in housing them in a residential neighborhood.

True to New York's classic development patterns, the Upper West Side is full of schools and playgrounds interspersed with businesses and residences. Worried parents have set up chat rooms and a Facebook page to post photos of men behaving badly—urinating on sidewalks, shooting up on church steps, congregating, drinking, spitting, smoking marijuana on park benches.

New York City has commandeered three hotels and moved in hundreds of addicts.

In a Zoom call organized by the office of the Manhattan borough president, participants from the Department of Homeless Services and advocacy groups urged that parents use "nonstigmatizing language" when referring to what they call the "West Side's new residents who are our brothers and our fathers." One argued that photos of drunken men sleeping on sidewalks and the Broadway medians "strip these people of any shred of humanity." What about the humanity of parents frightened for their families and residents worried about their neighborhood?

Under the law, none of this should be happening. The 1989 city charter requires that public facilities likely to burden neighborhoods—jails, waste-transfer stations, drug-treatment centers, transitional shelters—must be equitably distributed. Community boards—bodies consisting of local residents appointed by elected officials—are charged with undertaking regular analyses of government facilities in order to protect the neighborhood, but the Upper West Side's board hasn't fulfilled that duty.

Every day the neighborhood seems less like paradise. Petty crime has been increasing, and burglary has more than tripled over the past three months, according to police. In place of their familiar open doors, merchants have been locking entrances and removing valuable items from windows. CVS paddle-locked its ice cream section because of constant theft. Restaurants have been allowed to reopen, but because of Covid, patrons may sit only outdoors, where they are subjected to aggressive panhandling. Some restaurants have closed a second time.

Moving vans are a frequent sight, as families simply pack up and leave. A neighborhood psychiatrist attributed this in part to "annihilation anxiety." Not only paradise is lost—so is basic civility.

Ms. Vitullo-Martin is a writer and political scientist.

Kamala, Goddess of Wealth Creation

By Tunku Varadarajan

Joe Biden has revealed the identity of his running mate: Sen. Kamala Devi Harris. Why did he take so long to decide? Maybe he needed time to learn how to say her name.

How *do* you say Kamala? It's an Indian name, proof that Ms. Harris's dual ethnicity can't be written out of the script in the racially absolutist politics of the U.S. Her mother—as many (though not enough) people know—was an Indian immigrant. The senator's given name, Kamala Devi—Goddess Kamala—is a synonym for Lakshmi, the Hindu deity of wealth and fortune. The word Kamala literally means "she of the lotus," the flower on which Lakshmi is said to repose in the Hindu heavens.

As her name floods the news, I wince each time it is uttered by anchors and politicians who mangle the stress of its vowels. It is pronounced "comma-la—like the punctuation mark," Ms. Harris explains in her memoir, not "Camel-ah," to rhyme with Pamela, or even "come-AAH-lah," the commonest mispronunciation.

To make matters complicated: That last sounding of syllables was the way in which James Harris, a professional wrestler from Senatobia, Miss., nicknamed "The Ugandan Giant," pronounced his stage name—which, bafflingly, was "Kamala." A giant black man as the Lady of the Lotus? Perhaps his handlers confused the name with the capital of Uganda. That was certainly the case with the autocorrect function on iPhones, which, for much of Tuesday, was changing Ms. Harris's first name to "Kampala," so much so that "Kampala Harris" was trending on Twitter. It can only have been by cosmic alignment that Mr. Harris the wrestler died two days before Ms. Harris the politician was nominated. He was 70.

It's 'comma-la,' and don't mix her up with the late pro wrestler.

There are other ironies. Ms. Harris's progressive economic beliefs sit awkwardly with her being named for a goddess of wealth creation. And her mother, Shyamala Gopalan (her first name is pronounced "Shyaa-muh-lah"), was an Iyer Brahmin, at the pinnacle of the caste structure of her native Tamil Nadu, a state in south India. The complex politics of that region have caused many Tamil Brahmins to seek their fortunes elsewhere, including Silicon Valley. Gopalan, who died in 2009, was a medical researcher at the University of California, Berkeley.

The pronunciation of Ms. Harris's name is, to be sure, a trivial aspect of her political adventure. More fraught by far is the extent to which she can—and must—calibrate her Indianness on the American political stage. For an ethnic group that is more successful materially in the U.S. than virtually any other, Indian-Americans are a strikingly anti-Republican bunch: 84% voted for Hillary Clinton in 2016. Ms. Harris doesn't need to play to that ethnic gallery, especially as it is a tiny fraction of the electorate.

Instead, she must play up her paternal side—African, via her Jamaican father. The Democrats are a party of ethnic hierarchies, in which smaller ethnicities—such as Indians—must efface themselves and wait their turn. It is ironic that the party many Indian-Americans disdain is the one to have given this country two Indian-American governors (Bobby Jindal of Louisiana and Nikki Haley of South Carolina).

It's not inconceivable that in 2024, America could have to choose between Ms. Harris and Ms. Haley for president. Which will it be, the Tamil Brahmin or the Sikh?

Mr. Varadarajan is executive editor at Stanford University's Hoover Institution.

BOOKSHELF | By Gerard Helferich

'Man Can Only Mar It'

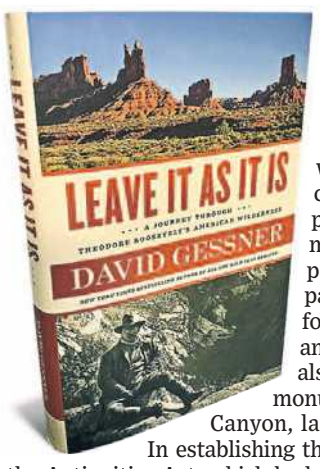
Leave It as It Is

By David Gessner

(Simon & Schuster, 338 pages, $28)

More than a century after his death, Theodore Roosevelt still inspires with his ferocious energy, consummate intelligence and manifold achievements. But perhaps most fascinating is his complex, even paradoxical, personality. A man with genuine empathy for the disadvantaged, he embraced the racial and cultural prejudices of his time; an avowed trustbuster, he accepted the patronage of banks and corporations; a steadfast conservationist, he slaughtered hundreds of wild animals. Today, when the legacies of many American heroes are being re-examined, what are we to make of Teddy Roosevelt?

David Gessner considers Roosevelt's environmental record in his thoughtful "Leave It as It Is." The title comes from a speech that TR gave at the Grand Canyon in 1903, exhorting his fellow citizens: "Leave it as it is. You can not improve on it. The ages have been at work on it, and man can only mar it."



The phrase was the watchword of Roosevelt's conservationist ethos. As president, he set aside 230 million federal acres for posterity, creating five national parks, 51 federal bird preserves, four national game preserves and 150 national forests. He also designated 18 national monuments, including the Grand Canyon, later named a national park. In establishing these monuments he invoked the Antiquities Act, which he had signed in 1906; it gave presidents the authority to protect federally owned "historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest." Taken as a whole, Roosevelt's record is unparalleled, and Mr. Gessner is right to call TR "our first and greatest environmental president."

In shielding federal land from unbridled development (as in many other matters), Roosevelt was often opposed by powerful commercial interests and a reluctant Congress. Today conserving wilderness areas is still unpopular among those who believe, as candidate Donald Trump declared in 2016: "We'll be fine with the environment. We can leave a little bit, but you can't destroy businesses." In 2017, to free up more public land for mining and oil and gas drilling, Mr. Trump drastically reduced the size of two scientifically and culturally important national monuments, Bears Ears and Grand Staircase-Escalante, both located in Utah. (The former was designated a national monument in 2016, by President Obama; the later by President Clinton in 1996.) Removing nearly two million acres from protection, it was the greatest rollback of its kind in history.

The action inspired Mr. Gessner, a writing professor and environmental author, to make a cross-country drive to the threatened monuments, as well as to several sites that had inspired Theodore Roosevelt, including the Badlands of North Dakota, Muir Woods in California, and the Yellowstone, Yosemite and Grand Canyon national parks. En route, the author was hoping to reconnect with his hero and to find a relevance for TR in our own era. Not least, he was looking for reasons to hope.

Though a paradoxical figure, Teddy Roosevelt was undoubtedly a fighter for what he believed in, including the preservation of the natural world.

The road trip forms the backbone of his book, but Mr. Gessner fleshes it out with succinct sections on Roosevelt's life, especially the periods that helped to shape his environmentalism, such as his boyhood, when he became enamored with natural history, and his stint as a rancher in North Dakota. He especially delves into Roosevelt's presidency, where TR's environmental legacy includes, most tangibly, all those national parks, preserves, monuments and forests. But through his bully pulpit, his books, articles and speeches, Roosevelt also inspired his fellow Americans to care about the environment and to see it in a new way. "One of Theodore Roosevelt's great legacies," Mr. Gessner writes, "was giving us a story to tell ourselves about this country and its land." TR believed, he adds, that the land "was part of us, and we were part of it. It defined us, and our love for it was one of the best things about us. These ideas may now sound like platitudes; to him they were felt truths."

Yet on the environment, Roosevelt's record is not pristine, especially as it concerns Native Americans. An ardent advocate of Manifest Destiny, he published a four-volume history, "The Winning of the West," whose title aptly captures his point of view. He could never accept what happened to Native Americans as genocide, and when the presence of Native peoples stood in the way of perceived progress, including the creation of national parks and monuments, his solution was to remove them from the land and to urge assimilation into the dominant culture.

Mr. Gessner doesn't excuse Roosevelt's limitations and hypocrisies, but neither does he want them to cancel his signal achievements. "We are all hypocrites," he writes, quoting his friend the environmental planner Dan Driscoll. "But we need more hypocrites who fight." And there's no question that Roosevelt was a fighter for what he believed in, including the natural world. Perhaps his greatest environmental contribution was to promote a wider vision, beyond the anthropocentrism that Mr. Gessner warns is destroying the planet. "For all his self-centeredness and egotism," the author writes, "he seemed to understand this primary insight: that the world is more important than we are."

As we face environmental dangers unimagined in Roosevelt's day, Mr. Gessner asks what TR would do with our surviving wilderness. The impassioned response: Leave it as it is. Although protecting public lands, in itself, won't reverse global warming, it could play a key role in counterbalancing carbon emissions and preserving imperiled species. And maybe he is naive, the author admits of himself, but he believes that "wild, beautiful land is the greatest thing about our country. It is the single best reason for hope. . . . A physical statement of our belief in the future." Or as Theodore Roosevelt put it more than a century ago: "There is nothing more practical than the preservation of beauty."

Mr. Helferich's most recent book is "An Unlikely Trust: Theodore Roosevelt, J.P. Morgan, and the Improbable Partnership That Remade American Business."

OPINION

REVIEW & OUTLOOK

Getting to Know Kamala Harris

How Biden's running mate blocked a hospital rescue to help the SEIU.

Joe Biden and Kamala Harris made their first appearances as a campaign ticket on Wednesday, and Americans still know little about the running mate who may be President sooner rather than later. One way to fill in the gap is to inspect Ms. Harris's record as California's Attorney General, and one revealing episode is the way she used her power to blow up a deal to rescue struggling Catholic hospitals.

The saga started in 2014 when for-profit Prime Healthcare Services made an $843 million bid for six insolvent hospitals operated by the Catholic Daughters of Charity Health System. The hospitals had been bleeding cash for years due to inflexible labor contracts and miserly Medicaid payments.

Prime Healthcare was the only bidder that agreed to assume Daughters' $300 million liability for worker pensions, and it scored high on the bidding criteria that included financial wherewithal and service quality. Nurses, physicians and the public supported the deal.

But the Service Employees International Union-United Healthcare Workers West (SEIU-UHW), which represented 2,000 hospital workers at Daughters, opposed Prime's takeover because the company refused to sign a neutrality agreement that would let them organize all of Prime's hospitals. Only four of Prime's 15 hospitals in California at the time were unionized.

California's Attorney General must approve nonprofit hospital acquisitions, and Ms. Harris attached dozens of poison pills to the deal. They included requiring 24-hour nursing, surgery, anesthesia, laboratory, radiology and pharmacies for five years and mandating that hospitals offer an additional 12 to 18 "essential services" such as orthopedics for 10 years. These conditions were unprecedented.

Prime walked away from the deal and sued Ms. Harris for violating its due-process rights. According to the lawsuit, Daughters' executives had told Prime that Ms. Harris would block the sale "or require financially crippling approval conditions" if Prime did not reach an agreement with the union. The lawsuit alleges that in return the union promised to support her with $25 million in political contributions.

Ms. Harris denied the accusations, and a federal judge in 2017 ruled that she had "qualified immunity"—the doctrine that shields public officials from liability for violations of constitutional liberties. This is ironic since Ms. Harris earlier this summer introduced a resolution in the Senate to abolish qualified immunity for police officers.

Later in 2015 Ms. Harris approved the Daughters' hospital sale to the BlueMountain Capital hedge fund for $260 million including $160 million in debt. The SEIU supported that deal. While imposing similar conditions on BlueMountain as on Prime, Ms. Harris allowed the hedge fund to operate the hospitals as tax-exempt nonprofits for several years.

Yet burdened by debt and expensive collective-bargaining agreements, the hospital chain declared bankruptcy in August 2018 and was put up for sale. The federal Pension Benefit Guaranty Corp. assumed its pension obligations and slashed payments to workers and retirees. Two hospitals were sold to local governments for a pittance.

The state government this year leased two others that had been on the verge of closing in order to ensure ample hospital capacity to treat Covid-19 patients. Prime this spring offered to buy another, but the SEIU again objected to the takeover and refused to renegotiate its existing collective-bargaining agreements.

A bankruptcy judge recently said the SEIU had rejected Prime's proposals "without good cause." The judge said the hospital "would not continue to operate as a going concern, and all of the [union] represented employees would lose their jobs" unless the labor agreements were renegotiated. Ms. Harris's successor as AG, Xavier Becerra, approved Prime's acquisition last month.

Hospital workers, patients and taxpayers paid a fearsome price for Ms. Harris's intervention on behalf of the SEIU. As troubling was Ms. Harris's use of her authority to help a political supporter and punish a business she didn't like. She was in the vanguard of the new progressive state AGs who use prosecutorial power against opponents. Watch for this in the Harris Administration in 2025, if not sooner.

DeVos's Sexual-Assault Rule Prevails

The new standard for due process on campus survives in court.

One of the stakes in November's election is the fate of the Trump Administration's due-process reforms for campus sexual-assault cases. Education Secretary Betsy DeVos's new rule goes into effect Friday, and this week it passed its first legal tests.

New York Attorney General Letitia James sued to stop the rule and sought a preliminary injunction. Federal Judge John Koeltl, a Bill Clinton appointee, denied the injunction this week on grounds that the department had followed proper procedure in drafting the rule and would likely prevail on the merits.

The rule defines sexual harassment under Title IX of the Education Amendments of 1972 and requires schools to set up grievance processes for handling complaints. Colleges must allow accuser and accused to choose advisers who can cross-examine witnesses. Both will receive the same notice of allegations and are given the same right to appeal.

"Rather than harming students," Judge Koeltl wrote, "the Rule has the potential to benefit" both accuser and accused because they "are given greater assurance that if they prevail in the grievance proceeding, that result will not be overturned because the process did not comply with due process." Meanwhile, federal Judge Carl Nichols ruled on similar grounds Wednesday against a challenge to the new rule by 17 state attorneys general.

The rulings are vindication for Mrs. DeVos for following the Administrative Procedure Act (APA) in writing the rule. The Obama Administration, led on this issue by Vice President Joe Biden, disregarded the APA by writing "Dear Colleague" guidance to schools that eschewed public comment. The Trump Administration reviewed nearly 125,000 comments before making its rule final.

The downside of the long process is that the timing means the rule could be vulnerable to being overturned by the Congressional Review Act if Democrats run Congress and the White House next year. That would be a tragedy for due process and justice on campus.

Where Is the U.S.-U.K. Trade Deal?

An agreement should be easier to reach than London seems to think.

The third round of negotiations between the United States and the United Kingdom for a new trade deal has come and gone and, well, where is it? President Trump and Prime Minister Boris Johnson each say they're enthusiastic, and both economies could use the boost. Yet a deal is turning out to be harder than expected, and for all the wrong reasons.

What should be causing the hold-up are the contentious elements involved in any high-quality free-trade pact. The two sides should be haggling over banking regulations that would facilitate free trade in financial services. They ought to be ironing out mutual recognition of professional qualifications so British and American architects, engineers, accountants and the like can work freely on either side of the Atlantic. There should be reciprocal recognition of product-safety rules and inspections.

Yet nary a word is heard about those issues. Instead, the problems are political own-goals on both sides, but primarily in the U.K. Agricultural trade remains a needless sticking point. The U.S. has long insisted that Europe impose scientific food-safety standards and allow imports of chlorine-washed American poultry and beef treated with certain medications.

Brexit was supposed to let Britain deviate from the European Union's unscientific, trade-killing resistance to American imports. Instead Mr. Johnson and Trade Secretary Liz Truss promise British voters these American goods will never appear in U.K. supermarkets. This kowtow to British farmers and environmentalists could scuttle a trade deal.

Another sticking point is Britain's socialized National Health Service. The U.K. has sworn not to budge on a centralized drug-procurement system that underpays for American pharmaceutical innovations. London's resistance to any liberalization, market forces or private investment in health care will make it that much harder for Washington to sign a deal—even though the NHS delivers awful health-care outcomes compared to the rest of Europe, and calls out for reform.

Mr. Johnson added a new trade hurdle when the U.K. imposed its version of a digital-services tax on American tech giants in April. These taxes have provoked President Trump's ire—and retaliatory tariffs—when other European governments tried to implement them. It's a bad strategy for concluding a deal, and bad economics for British consumers increasingly shopping online from home.

Mr. Trump isn't blameless in this evolving failure. Targeting U.K. exports for tariffs in Washington's broader battle against European subsidies for Airbus makes little sense if the goal is to strike a British trade deal quickly. The President's election poll ratings are also an obstacle, as British negotiators figure they may do better by holding out for President Biden.

But Mr. Johnson has more to gain economically and politically from a good deal soon and the domestic reforms necessary to strike one. The case for Brexit was that leaving the EU would let Britain shed continental protectionism and open its economy to the wider world. Mr. Johnson should do that. The stakes in getting trade politics right on agriculture, health scare and taxation are enormous, and a U.S. pact is the first crucial step.

LETTERS TO THE EDITOR

Punishment for the NRA Must Fit the Crime

New York Attorney General Letitia James says she has no choice but to seek the dissolution of the National Rifle Association to protect its members and donors from corrupt officials ("Gunning for the NRA," Review & Outlook, Aug. 7).

Ms. James should acquaint herself with the U.S. Army's failed strategy during the Tet Offensive in Vietnam. During the battle for the city of Ben Tre, an Army major was famously quoted as saying, "It became necessary to destroy the town to save it."

As a veteran of the Tet Offensive, I can guarantee that we didn't win any Vietnamese hearts and minds in that fashion. Likewise, Ms. James knows it is impossible to protect the donors of an organization that lobbies for their rights and interests by dissolving that organization.

Terry Larkin
Wayzata, Minn.

Each time an NRA member has made a donation to the group's charitable arm and taken a deduction on his taxes, U.S. taxpayers have indirectly subsidized private jet flights and yacht charters for chief executive Wayne LaPierre and his circle.

The allegations, if supported by the evidence, demonstrate a culture of fraud that persisted for years while the NRA's board and outside auditors failed to correct it. This would mean the board and auditors were derelict in their duties. Dissolution would seem the appropriate remedy under such circumstances.

The NRA's members are free to organize and properly administer a not-for-profit entity that serves their needs. Rebuilding from the ground up will take time and effort. That, however, would be Mr. LaPierre's fault, not Ms. James's.

Mitchell Seider
Scarsdale, N.Y.

If Ms. James believes organizations that misuse members' dues should be dissolved, then how about the United Auto Workers? At least 14 people, including a former UAW president and two vice presidents, have been convicted in connection to a recent probe into the diversion of millions of dollars of members' dues for personal use. As Democrats are so fond of saying lately, no one is above the law. So why must the NRA be dissolved while the UAW ambles on?

David Newfield
Studio City, Calif.

Comparing 'Cancel Culture' to McCarthyism

Lance Morrow's "Dawn of the Woke" (op-ed, Aug. 3) is as insightful as it is harrowing. The current climate of the "cancel culture" is indeed evocative of McCarthyism, but it is more frightful and destructive. Where the threshold for condemnation in the McCarthy era was alleged affiliation with "communist sympathizers," sufficient unto today is the mere failure to publicly join in the denunciation of the latest societal construct or historical figure to be branded as racist, fascist, sexist, homophobic, etc.

Joe McCarthy was ultimately unmasked and shut down by his own Republican colleagues, an effort begun with the courageous "Declaration of Conscience" by Maine's Margaret Chase Smith. The words of the Senate's sole woman member reverberate today with startling prescience and poignancy:

"The American people are sick and tired of being afraid to speak their minds lest they be politically smeared as Communists or fascists by their opponents. Freedom of speech is not what it used to be in America. It has been so abused by some that it is not exercised by others. The American people are sick and tired of seeing innocent people smeared and the guilty whitewashed."

Mr. Morrow contends that the remedy to today's relentless and ruthless "wokeness" is a showing of spine by university presidents, newspaper publishers and heads of corporations, but rightly handicaps the odds of that happening as quite low. In the face of that unfortunate reality, we can only hope for another brave soul like Smith, who was willing to stand up to the extreme element within her own party—then an apparent majority, as only six others co-signed her declaration—to advance the cause of true freedom of speech and toleration of dissent.

John M. Marmora
Spring Lake, N.J.

Reading Mr. Morrow's article, a thought occurred to me: With most college students off-campus due to the coronavirus, to whom do they report the many microaggressions they are subjected to in the real world? Perhaps a better question: With no students on campus, no conservative speakers invited to empty auditoriums and no bias to snuff out, are the deans of diversity and inclusivity still employed?

I agree with Mr. Morrow. Turning back this "woke" cancel culture will be more difficult than returning to life after Sen. McCarthy. He was one man on a mission. What we face now is widespread.

Ken Oehler
Naples, Fla.

Electric Vehicles, Subsidies and the Public's Intelligence

Holman W. Jenkins, Jr.'s "The Tesla Secret" (op-ed, Aug. 5) asks: "Why don't Wall Street and the press talk about how the [electric vehicle] business really works?" The answer is that in 2020 few people even remember the car industry from before regulations and tax laws reshaped it. President Obama's 54.5 miles per gallon corporate average fuel economy standard—reduced to 40 mpg by President Trump—and the credits the legacy manufacturers pay to Tesla are only the latest in a long line of regulations on and subsidies to the car and fuel businesses: the chicken tax, the intangible drilling cost preference and the percentage depletion rule come to mind, among many others.

Like Mr. Jenkins, many of us wish that technology and consumer tastes governed the car business rather than government directives, but Washington has been distorting the automobile market for decades and won't be stopping any time soon.

Pete Kasper
Tucson, Ariz.

In an otherwise excellent column, Mr. Jenkins writes, "Policy salesmanship often operates on such dumb errors. You need a story that can be told to an idiot (the public)." On a long-term net basis, the public is not "an idiot." This is an error common among left-leaning academics (see: Massachusetts Institute of Technology Prof. Jonathan Gruber) but, alas, not limited to them.

Ira Stoll
Boston

The Antitrust Case Against Big Tech Can't Pass Muster

Letters by Tom Wilson and Mark Noonan ("How Big Should Government Let Big Tech Be?" Aug. 6) in response to your editorial ("Big Tech's Antitrust Paradox," July 30) criticize alleged antitrust violations by the big technology firms. Mr. Wilson writes that once a company reaches near-monopoly status it is free to raise prices. This is conventional antitrust analysis, but it is meaningless in the context of services that are basically free, like Facebook, Google Search and YouTube. Apple can raise prices on its iPhones, but it is hardly a monopoly. It has competitors, like Samsung and Huawei, who would happily sell phones with similar features at a lesser price.

Mr. Noonan complains that Amazon unfairly benefits from "negotiated" shipping rates to the detriment of competitors who must pay carriers higher rates. It is hard, however, to see why Amazon shouldn't be permitted to negotiate its own shipping rates, and impossible to see how lower shipping costs hurt its customers.

There are doubtless some things for which Big Tech should be held to account—censoring conservative voices on Facebook and Twitter is one. But its critics have done a poor job articulating any substantive antitrust offenses.

Stanley A. Bowker
Longboat Key, Fla.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"Before I continue, can we just lose the personal trainers?"

OPINION

The Gulf War Ended Too Soon

By Paul Wolfowitz

Thirty years ago this month, on Aug. 2, 1990, Saddam Hussein invaded Kuwait. The U.S. mounted an impressive response, but strategic errors at the end of the Gulf War had consequences the world still lives with today.

As Defense Secretary Dick Cheney's representative on the Deputies Committee, I had the privilege to observe President George H.W. Bush from the second row. I have nothing but admiration for Bush's leadership in responding to an aggressive act virtually no one had anticipated. Swallowing an entire country and its oil wealth shocked the world. While it left no doubt about the danger Saddam posed, it made the challenge all the more formidable. In less than a week from a cold start, Bush put together the basic elements of a political-military strategy to force Saddam to relinquish his conquest—peacefully if possible, by force if necessary.

Bush was right not to go all the way to Baghdad, but he should have backed Shiite rebels in southern Iraq.

Bush recognized that he could do little, and nothing militarily, without Saudi support. But he also understood the dilemma at the heart of Riyadh's thinking. For them, the one thing worse than dealing with an aggressive Saddam on their own would be to accept U.S. support only to see it waver, as Jimmy Carter did with Iran and Ronald Reagan in Lebanon.

Bush ignored advice to play down the size of the force the U.S. would have to deploy to defend Saudi oil fields. He authorized Mr. Cheney to tell them the full extent of what was needed. The Saudi ambassador swallowed hard, then said: "At least we know you're serious."

The president reinforced that seriousness by his spontaneous statement to reporters: "This will not stand, this aggression against Kuwait." Implicitly it committed him to taking military action if all else failed. Asked where that phrase came from, Bush replied: "That's mine. . . . That's what I feel."

PASCAL GUYOT/AFP VIA GETTY IMAGES

A U.S. tank and a picture of Saddam Hussein in Kuwait, March 1, 1991.

Throughout the next seven months, Bush made repeated difficult decisions crisply after consulting with his advisers. Some involved great risks, and often the advisers didn't all agree. By the beginning of March 1991, Saddam's army was evicted from Kuwait with miraculously low American and coalition casualties.

But unlike his principal advisers, Bush was not "exhilarated" by the outcome. "How can I be exhilarated," he said to reporters, "when Saddam Hussein is still in power?" That unhappiness, only briefly displayed publicly, comes through clearly in Jon Meachem's authorized 2015 biography of Bush, who allowed the author access to his diaries.

"I don't feel euphoria," Bush wrote on Feb. 28, 1991, the day after the combatants announced a cease-fire. "Hitler is alive, indeed, Hitler is still in office, and that's the problem. . . . American people elated, [but] I have no elation." What Mr. Meachem calls "Bush's postwar despondency" was rooted in the "failure to bring about Saddam's fall" and some specific contributing failures.

Bush regretted the decision not to force Saddam to the surrender table at Safwan, just across the Kuwaiti border, where U.S. and Iraqi troops had a standoff after the withdrawal and cease-fire. "More substantively," Meachem writes, "when the rebellions against Saddam began after Safwan, everything went wrong. The United States did nothing to support the insurgents, and the uprising was put down in part by Iraqi helicopters," which Saddam's army had been allowed to keep on the pretext that it needed them because the bridges had been destroyed, not strafe and drop mustard gas on the Shiite rebels.

Historians examining how that happened need to ask why the formal decision structure, which Bush had used masterfully until then to make critical decisions almost daily, broke down at the very end.

I still believe Bush was right not to risk American lives pursuing the retreating enemy into Iraq or all the way to Baghdad, particularly since Iraqi defenses against Iran had stiffened when on their own territory. It turned out also that several Republican Guard divisions were still intact.

But there were at least three alternative courses of action that should have been considered, separately or together, as part of a post-combat strategy: Demand that Saddam or one of his principal subordinates surrender personally; secure United Nations Security Council endorsement of the large "disengagement" zone along Iraq's entire southern border, which our U.N. Ambassador Thomas Pickering had proposed; and insist that Saddam stop using at least his helicopters, if not his tanks as well, to slaughter the Shiite rebels in southern Iraq.

The helicopters were a focus of attention because Iraq had been permitted to keep them on the pretext that they were needed for transportation because of the damage done by coalition bombing. At that point, the fate of the rebellions was the single most important issue for the future of Iraq and for the reputation of the U.S. in the eyes of the Iraqi people. The president himself, personally and publicly (at a March 13 press conference in Canada), had warned Iraq to stop using helicopters against the rebels.

Moreover, Saudi leaders had urged Secretary of State James Baker, during his early March visit to Riyadh, to support the Iraqi rebels. They said, as I remember, that Saddam was still dangerous, "like a wounded snake," and added that "we're not afraid of the Shia of Iraq," who are "Arabs and not Persians," and had remained loyal to Iraq during eight years of war with Iran.

None of those alternatives would have caused the coalition to collapse—particularly with the Saudis on board—nor would they have required the U.S. to occupy Baghdad. In combination, they would have been an appropriate response to Iraq's treacherous abuse of the permission it had obtained to fly helicopters.

Supporting the rebellions had risks of its own, but those risks should have been deliberated carefully, as so many others had been over the course of the preceding seven months. But leaders were anxious to end the war and avoid mission creep that would get the U.S. stuck in Iraq, so they weren't. As a result, Saddam played a cat-and-mouse game that kept the U.S. stuck anyway for 12 more years and beyond.

There was time to allow the president to think things through, but it wasn't used. The lesson: If time is on your side, don't succumb to a self-generated sense of urgency. Take the time to examine whether there are better outcomes than simply abandoning "endless wars" in the mistaken belief that you won't be forced back to war again.

Mr. Wolfowitz, a visiting scholar at the American Enterprise Institute, served as U.S. ambassador to Indonesia (1986-89), undersecretary of defense for policy (1989-93) and deputy defense secretary (2001-05).

Law Alone Can't Protect Free Speech

By Greg Lukianoff And Adam Goldstein

Cancel culture notwithstanding, legal commentator Ken White argues that "this is a golden age for free speech in America." For decades, he notes, the Supreme Court has protected all manner of objectionable speech, from burning the American flag to homophobic protests outside servicemen's funerals. That's true—but those victories rest on a broad cultural consensus. If campus norms continue to displace free speech culture, judges and lawyers will eventually start to ignore the First Amendment or, worse, chip away at it until it is meaningless.

Free-speech culture gave us the First Amendment to begin with. It kept free speech alive in the tumultuous 19th century. It reinvigorated the First Amendment in the 20th century. It informs interpretations of the First Amendment today—and it will determine whether free-speech protections will survive.

If today's cultural trends continue, judges will eventually curtail First Amendment rights.

That's very much in doubt, considering the state of those norms in higher education. Our organization was founded in 1999. Back then, if Princeton investigated a professor because he wrote an op-ed disagreeing with activist demands, or the public called on Auburn to fire a professor for expressing antipolice views online, or a conservative University of North Carolina-Wilmington professor was hounded to suicide for abrasive public statements, it would be a very bad semester. All this happened within two weeks last month, and the fall semester hasn't even begun. As students graduate, cancel-culture norms spread beyond campus, to newsrooms, corporate boardrooms—and sooner or later courtrooms.

What is free-speech culture? Folk wisdom like "it's a free country" is one window into cultural values, and free-speech values pervade our idioms. Sentiments like "to each his own" and "everyone's entitled to an opinion" can be found all over First Amendment law. "Freedom to differ is not limited to things that do not matter much," the justices observed in *West Virginia Board of Education v. Barnette* (1943). In *Cohen v. California* (1971), they declared that "one man's vulgarity is another's lyric."

Idioms like these have lost much of their cultural force. "Sticks and stones may break my bones, but words can never hurt me" is mocked as an affront to women and minorities rather than a mantra a free society teaches children to help them become resilient. Free-speech culture has a high tolerance for difference—a presumption that, for most of us, personal political differences needn't interfere with cooperating in our day-to-day lives, and that even "bad" people can be great at their jobs. "To each his own."

Free-speech culture can survive without good free-speech law. In 18th-century France, one of the greatest philosophical periods in human history flourished even though its participants, including Voltaire, Diderot, Rousseau and the Marquis de Condorcet, had to flee to avoid arrest, or in some cases were arrested. The cultural norm of open discussion was so strong that they kept writing and challenging norms despite the legal risk.

But without a corresponding culture, free-speech law becomes a mockery. Consider the following constitutional provisions:

• "Everyone shall be guaranteed freedom of thought and speech."

• "Citizens are guaranteed freedom of speech, the press, assembly, demonstration and association."

• "Everyone has the right to express and disseminate his/her thoughts and opinions by speech."

Each of these promises sounds similar to the First Amendment's Free Speech Clause. But Russia, North Korea and Turkey, respectively, lack the free-speech culture necessary to make them real. Even in freer countries such as Spain, Britain and France, people have been imprisoned for rap lyrics, social-media posts, and reading choices.

That's where America is headed if we get complacent. A free-speech culture can exist without protective law, but not the other way around—at least not for very long.

Mr. Lukianoff is president and CEO and Mr. Goldstein senior research counsel of the Foundation for Individual Rights in Education. This article is adapted from a debate between Mr. Lukianoff and Ken White published by Reason.

Individual Choice Is a Bad Fit for Covid Safety

By Alan S. Blinder

The U.S. government's disastrous failure in dealing with the coronavirus pandemic is a tragedy in many acts—from the Centers for Disease Control and Prevention's initial errors with test kits and masking, to a know-nothing president who confuses magical thinking with thinking, even to craven political considerations when the pandemic was seen as a blue-state problem, and much more.

But one of the most important sources of government failure has received comparatively little attention—and it's economic in nature.

Economists are often accused of being madly in love with free markets, and there is some truth to that. But one of the most important ideas we teach every economics student is that unfettered markets systematically get it wrong in the presence of externalities—cases in which the decisions of some people or businesses have important effects on third parties who have no say in the decision.

Externalities can be beneficial or harmful. A classic example of a beneficial externality is your neighbor's beautiful garden. Although you planted nothing and pay no fee, you benefit daily. Free markets will systematically underprovide such activities.

A far bigger beneficial externality inheres in business spending on research and development. Firms that engage in successful R&D capture only a portion of the benefits of their innovations. The rest accrue to other companies and to consumers. So firms in free markets, left to their own devices, will invest too little in R&D. Governments around the world have long understood this problem, which is why they both subsidize R&D and perform it themselves.

Negative externalities are often more spectacular—and more worrisome. The classic example is pollution. If firms aren't charged for the pollutants they spew into the atmosphere, they will emit too many. For over a century, economists have advocated a straightforward fix for this market failure: Tax polluters for the damages they inflict on others.

Consider the externalities: We each choose whether to isolate or wear a mask, but all society bears the costs.

This analysis applies directly to climate change. CO2 is not a classic pollutant: It doesn't burn your eyes, make you cough, or turn the skies gray. Rather, cumulative CO2 emissions heat up the atmosphere, causing climate changes of all sorts—most of them bad. Because this huge negative externality has been allowed to run rampant, we are gradually making the Earth an inhospitable place for humans.

What does all this have to do with the coronavirus? The Covid-19 pandemic creates a giant externality through contagion, and we aren't doing nearly enough to contain it.

Absent a vaccine, our main defenses against this "plague" are eerily similar to what people did in the Middle Ages: Wear face masks and keep your distance from people who might be contagious. Americans afraid of contracting the disease are taking these precautions now—or at least some are. And that's where the externality comes in.

Start with face masks. First, they cost money. Probably more important, they are uncomfortable to wear and make you look—how shall I say it?—a bit odd. Individuals who make decisions in their own best interests will balance these costs against the benefit of reducing their susceptibility to the virus—which, scientists tell us, is small. Based on this personal cost-benefit calculus, each individual will decide whether or not to wear a mask.

But wait. What about neighbors, co-workers, and passersby? Since wearing a mask benefits other people much more than ourselves, the beneficial externality from mask-wearing is huge. Consistent with that, several studies have estimated that the health gains from masking are large while the economic costs are small. A good deal. Yet basic economics tells us that self-interested decision makers will not wear masks enough.

More or less the same can be said about social distancing. We all know that keeping our distance is inconvenient (to say the least), especially if other folks aren't cooperating. It certainly impedes economic activity. Yet no one is handing out rewards to people who distance properly, and few places are penalizing those who come too close. As in the case of face masks, individual decision-making in free markets will produce too little social distancing.

The standard remedy for an externality is a tax or a subsidy. But this is impractical for masking or distancing. The best compromise may be an enforced mandate that people wear masks and practice social distancing in public. Enforcement would be difficult, but it's been effective in some states and many European countries.

Here, however, we hear thunder on the right—even from some Republican governors—that requiring either masking or distancing infringes on individual liberty. Well, sure. So do red lights and speed limits—which, like masks, save lives. It's no exaggeration; the anti-maskers are killing people.

Mr. Blinder is a professor of economics and public affairs at Princeton University and a former vice chairman of the Federal Reserve.

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1211 Avenue of the Americas, New York, N.Y., 10036
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Notable & Quotable: NASA

From an Aug. 5 National Aeronautics and Space Administration press release:

As the scientific community works to identify and address systemic discrimination and inequality in all aspects of the field, it has become clear that certain cosmic nicknames are not only insensitive, but can be actively harmful. NASA is examining its use of unofficial terminology for cosmic objects as part of its commitment to diversity, equity, and inclusion.

As an initial step, NASA will no longer refer to planetary nebula NGC 2392, the glowing remains of a Sun-like star that is blowing off its outer layers at the end of its life, as the "Eskimo Nebula." "Eskimo" is widely viewed as a colonial term with a racist history, imposed on the indigenous people of Arctic regions. Most official documents have moved away from its use. NASA will also no longer use the term "Siamese Twins Galaxy" to refer to NGC 4567 and NGC 4568, a pair of spiral galaxies found in the Virgo Galaxy Cluster. Moving forward, NASA will use only the official, International Astronomical Union designations in cases where nicknames are inappropriate.

"I support our ongoing reevaluation of the names by which we refer to astronomical objects," said Thomas Zurbuchen, associate administrator of NASA's Science Mission Directorate at Headquarters, Washington. "Our goal is that all names are aligned with our values of diversity and inclusion, and we'll proactively work with the scientific community to help ensure that. Science is for everyone, and every facet of our work needs to reflect that value."

Nicknames are often more approachable and public-friendly than official names for cosmic objects, such as Barnard 33, whose nickname "the Horsehead Nebula" invokes its appearance. But often seemingly innocuous nicknames can be harmful and detract from the science.

Developing Nations Face Long Pandemic

Poorer countries didn't see outbreak's early spike, but now, plateau shows no signs of end

YAEL MARTÍNEZ FOR THE WALL STREET JOURNAL (2)

Salvador Zubirán hospital in Mexico City, one of Mexico's top public facilities, has had to focus on the constant influx of Covid-19 patients.

The intensive-care units at the Salvador Zubirán hospital in Mexico City have been operating at full capacity for three straight months—their beds filled with unconscious Covid-19 patients, positioned face down and connected to ventilators. Every person who dies or recovers is replaced within hours by another who is critically ill and in need of life support.

*By **Juan Montes** in Mexico City and **Vibhuti Agarwal** in New Delhi*

"It's a nonstop flow. We have never seen anything like this before," said Thierry Hernández, the head of emergency services at the hospital, one of Mexico's top public facilities.

Across Mexico and much of the developing world, battling the coronavirus pandemic has become a seemingly unending effort. Poorer countries experienced a slower run-up in cases and deaths, but now seem stuck on a long, deadly plateau that is stretching on for months.

That is a contrast with the trajectory in much of Europe and parts of the U.S., like New York, where lockdowns and other measures pushed infection levels and deaths down by 90% within six weeks or so after a sharper initial rise.

In poorer countries, "It looks more like one long wave," said Jarbas Barbosa, assistant director of the Pan-American Health Organization, the division for the Americas of the World Health Organization.

The good news is that hospital systems in places like Mexico and South Africa haven't faced the sudden and sometimes catastrophic spike that hit the Italian region of Lombardy and New York. But the bad news is the epidemic has settled in, producing a constant stream of new patients that is exhausting hospitals and doctors, leaving fewer resources to deal with other diseases.

Many poorer nations succeeded in using lockdowns and social distancing to slow the initial spread. But, with many people subsisting on daily wages and working in the informal economy, and little in the way of government assistance, the kind of wide-ranging strict shutdowns used in some developed countries have proved difficult to maintain.

Brazil has seen roughly 1,000 people die every day from Covid-19 for nearly three months, with no end in sight, and now has more than 100,000 fatalities, second only to the U.S. Mexico's daily death rate has been stuck at about 610 for the past two months, putting that country over 50,000 deaths.

The death rate in India, Colombia and Peru is still rising, and it has hit a plateau in South Africa. Nine of the top 10 countries in the world in Covid-19 cases are in the developing world.

In South Africa's Western Cape province, Premier Alan Winde in July compared the shape of South Africa's pandemic curve to Cape Town's Table Mountain. "We just don't know how long the top of that table top is," he said in a call with financial-services company Investec.

With new cases and deaths remaining stubbornly high, many countries have been forced to go slow in reopening, deepening an economic downturn. The longer pandemic is also straining underfunded health systems in poorer nations, sucking up scarce personnel and resources that draw attention away from other chronic diseases like diabetes and malaria.

Roughly half of Mexico's 32 states have delayed plans to allow nonessential businesses to reopen. Schools haven't been able to reopen fully. Mexico has canceled in-person classes for the school year.

"A slower epidemic has its good and bad things," said Gustavo Olaiz, a top epidemiologist at Mexico's National Autonomous University. "Good news is that you have time to prepare. Bad news is that you will have to devote a big chunk of your installed capacity to coronavirus patients for many more months, affecting patients with chronic diseases."

Some 80% of programs designed to fight HIV, tuberculosis and malaria—which together kill millions each year—have been disrupted, according to the WHO's Global Fund, which coordinates a global response to those diseases. That disruption is particularly important in poorer nations of Africa, Asia and Latin America where those diseases are more prevalent.

In India, where the virus is spreading rapidly, health officials have managed to ramp up the number of critical-care beds, ventilators and protective gear for doctors. But there is one thing that is harder to ramp up: specialized doctors.

Developing countries like India have fewer doctors per capita than richer nations. But the pandemic has made matters worse. Many doctors over 60 suffer from comorbidities and don't report to work, while some younger doctors are skipping duties, citing reasons such as having small children or elderly parents at home, said R. Ravindra, president of India's Private Hospitals and Nursing Association. Many doctors also quarantine for a week after a similar run on Covid-19 duty.

"There is an acute shortage of doctors and medical staff," said Minakshi Bhardwaj, medical superintendent at the government-run Ram Manohar Lohia hospital in New Delhi. Her hospital has launched a search for people for 140 Covid-19-related posts. So far, only 50 have been filled.

"Families are reluctant to allow their loved ones to work in Covid wards," Dr. Bhardwaj said.

The longer the pandemic continues in places like India, doctors said, the worse the strain. There are signs that doctors and nurses in Mumbai and Bangalore have left their hospitals and headed to hometowns, hoping to escape the pandemic.

"There are issues of loss of confidence, fatigue and pressure," said Abhimanyu Sardana, a senior doctor at the government-run Hindu Rao Hospital in New Delhi. Doctors "may choose to leave their jobs rather than deal with the stress."

As the virus began to spread in March, social-distancing measures bought time for poorer nations with weak health-care systems. Mexico's public-health system IMSS reconverted 186 of its 274 hospitals, hired 4,700 new doctors and reassigned many other specialists. The Salvador Zubirán hospital boosted the number of intensive-care beds to 40 from 14.

About 14,000 of the institute's 34,000 beds are currently taken up by Covid-19 patients, said Victor Hugo Borja, director of medical services at the IMSS.

The longer the pandemic runs, the greater the pressure for hospitals to offer a full range of services again. The Salvador Zubirán hospital is preparing a plan to reconvert the hospital again and restart consultations, surgeries and transplants while keeping some coronavirus patients. But for that to happen, coronavirus cases have to fall further in the capital.

"This is going on longer than most of us expected," Mr. Hernández said. He got infected with coronavirus in May but made a full recovery. "Let's hope this nightmare ends soon."

A Tale of Two Curves

Some developing countries are stuck in a long plateau of deaths while New York and parts of Europe experienced a sudden spike and a relatively quick decline.

Daily confirmed Covid-19 deaths, seven-day moving average

Note: Spain revised deaths downward in May. Overestimates have been removed.
Source: Johns Hopkins CSS

U.S. to Sanction Hezbollah Allies

The Trump administration is preparing to impose anticorruption sanctions against prominent Lebanese politicians and businessmen in an effort to weaken Hezbollah's influence in the aftermath of last week's explosion in Beirut's port, according to U.S. officials and others familiar with the plans.

*By **Dion Nissenbaum** in Beirut, **Ian Talley** in Washington and **Benoit Faucon** in London*

SAM TARLING FOR THE WALL STREET JOURNAL

Soldiers help residents affected by last week's blast in Beirut. Some U.S. officials say they want to send a message that Lebanon must change political course if it wants international aid to rebuild the city.

The blast, which killed at least 160 people and injured thousands more, has accelerated efforts in Washington to blacklist Lebanese officials aligned with Hezbollah, the country's dominant political and military force, according to these people.

U.S. officials see an opportunity to drive a wedge between Hezbollah and its allies as part of an effort to contain the Shiite force backed by Tehran. Hezbollah has been part of Lebanese coalition governments for more than a decade and is the region's most potent threat to Israel, which has bombed the group's forces in Syria and Lebanon to prevent it from amassing advanced missiles.

President Trump has used sanctions as a tool in his campaign against Iran. Now some in his administration want to see the White House turn the screws in Lebanon.

Some U.S. officials said they want to send a message that Lebanon must change course as it seeks billions of dollars in international aid to rebuild Beirut. The city is facing a daunting reconstruction.

Protests forced the eight-month-old coalition government to step down on Monday, setting up a new tussle over who should lead the country.

U.S. officials said that by sanctioning carefully selected people, they aim to shape the new government with two goals: Compelling the political class to target endemic corruption that has eaten away at the country and ensuring Hezbollah doesn't keep its hold on government decisions.

But while the U.S. sees the political atmosphere as a unique opportunity for the sanctions to prod Lebanon, securing the administration's goals with financial penalties has proven elusive. Washington's existing sanction programs against Hezbollah, like those against Iran and Venezuela, have taken an economic toll on their targets but haven't broken their grip on power.

Washington plans to target senior Lebanese officials linked to the group.

Last week's blast only compounded problems that have brought Lebanon to the brink.

Months of negotiations with the International Monetary Fund over a bailout have gone nowhere, in large part because the government couldn't approve the economic, financial and legal overhauls the IMF says are critical to address systemic corruption. The Lebanese currency has lost more than 80% of its value in a matter of months, turning comfortable middle-class salaries into paltry sums. Hyperinflation is making it increasingly difficult for people to buy meat, rice and chicken. Power outages stretch up to 22 hours a day.

Although authorities in Lebanon and elsewhere haven't assigned responsibility for the explosion, many Lebanese say political corruption fostered the environment that allowed it.

Senior U.S. officials say they want to take advantage of the political backlash to shape a new technocratic government willing to tackle the corruption, lack of transparency and poor accountability that allow terror financing and money laundering to thrive.

While the Trump administration sees the political crisis as an opportunity to drive through reforms, quashing Hezbollah's influence has long been one of Washington's top foreign-policy agenda items. The administration is working to determine the targets.

Systemic corruption has allowed Hezbollah, designated by the U.S. and several allies as a terror group, to cement its dominance of Lebanon's financial and political systems, Western officials say.

One Hezbollah ally some U.S. officials want to sanction is Gebran Bassil, an ex-foreign minister and son-in-law of President Michel Aoun, who stems from the Christian minority.

"No one has done more to enable Hezbollah's political (over)reach in Lebanon that he has, in giving an Iranian-funded Shia militia Christian cover," said Jeffrey Feltman, former U.S. envoy under President George W. Bush, in an email.

Mr. Bassil said Wednesday there was no evidence to support allegations he had engaged in corruption. "I would challenge anybody to have proof or any story that is credible on how they can say I have any relations with any act of corruption," he told The Wall Street Journal.

BELARUS

Pompeo, EU Officials Warn of Fallout

Secretary of State Mike Pompeo called on authorities in Belarus to protect protesters and give citizens more political freedom, adding pressure to a regime that might face new sanctions from the neighboring European Union.

"We want the people in Belarus to have the freedoms that they're demanding," Mr. Pompeo said at a news conference Wednesday in Prague. The Belarusian election Sunday "wasn't held in a way that was free or fair," he said.

On Tuesday, EU foreign-policy chief Josep Borrell criticized authorities in Minsk, the Belarusian capital, for "disproportionate and unacceptable violence" and said the bloc was considering "taking measures against those responsible for the observed violence, unjustified arrests and falsification of election results." EU foreign ministers are set to meet Friday to discuss possible sanctions.

—William Mauldin

ISRAEL

North Korean Hack Halted, Officials Say

Israel said Wednesday that it thwarted a North Korean cyber group's attempt to steal sensitive information from leading defense companies in the country.

Israel's Defense Ministry identified the group as Lazarus and said it is backed by a foreign country, though it didn't name North Korea.

Lazarus was sanctioned by the U.S. last year. The U.S. said the state-sponsored North Korean group has a history of high-profile global hacking attempts.

Israel's Defense Ministry said members of Lazarus built fake profiles on LinkedIn to contact employees of Israel's leading defense companies and offer them jobs. In the process, the group tried to compromise computers of employees, access their corporate networks and obtain sensitive security information.

It didn't identify which Israeli defense companies were targeted but said their networks weren't harmed or disrupted. North Korea has denied involvement in hacking attacks.

—Felicia Schwartz

MAURITIUS

Compensation Is Sought for Oil Spill

Mauritius says it is seeking compensation from the owners of a Japanese ship that spilled oil after it ran aground in the shallow waters off the Indian Ocean island nation in July, while urgent efforts continue to pump out the remaining fuel.

The MV Wakashio has spilled 1,000 tons of its cargo of 4,000 tons of oil into the sea, fouling the coastline of Mauritius, including a protected wetlands area. That threatens 35 years of work to restore the area, environmental activists said.

About 2,500 tons of fuel has been pumped from the ship, stranded on a coral reef at Pointe d'Esny. Workers are racing to empty the ship before it breaks up and further pollutes the shore.

—Associated Press

SCOTLAND

Three Die, Six Hurt After Train Derails

A passenger train derailed in northeast Scotland after stormy weather, killing three people and injuring six others Wednesday morning, authorities said.

The train's driver is believed to be among the dead, said the British Transport Police force. Six people were hospitalized, but their injuries aren't considered serious.

Local lawmaker Andrew Bowie had been in Stonehaven surveying flood damage earlier Wednesday. "We obviously don't know why the derailment took place, but obviously we have suffered terrible weather here," he said.

—Associated Press

TECHNOLOGY: TENCENT POSTS PROFIT JUMP, PLAYS DOWN U.S. THREAT B4

BUSINESS & FINANCE

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* * * * * THE WALL STREET JOURNAL. Thursday, August 13, 2020 | B1

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Goldman, Barclays Vie for GM Credit Card

Moves are part of wider effort to wire everyday gadgets like cars to the web

By Liz Hoffman And AnnaMaria Andriotis

Goldman Sachs Group Inc. is seeking to acquire the credit-card business of **General Motors** Co., doubling down on consumer banking and betting on a future where people pay for gas, takeout and groceries from the driver's seat.

The Wall Street firm is among a small number of bidders for the auto maker's credit-card business, which has about $3 billion in outstanding balances, according to people familiar with the matter.

There is no guarantee that GM will ultimately choose to replace its current card issuer, **Capital One Financial** Corp., or that Goldman will win. **Barclays** PLC is also in the running, some of the people said, and a decision is expected in the next few weeks.

Goldman launched its first credit card last year, partnering with Apple Inc. and positioning it as a tech-enabled and secure alternative to an outdated product rife with fraud. The Apple card is digitally issued onto users' iPhones in minutes and uses location data to categorize and track spending.

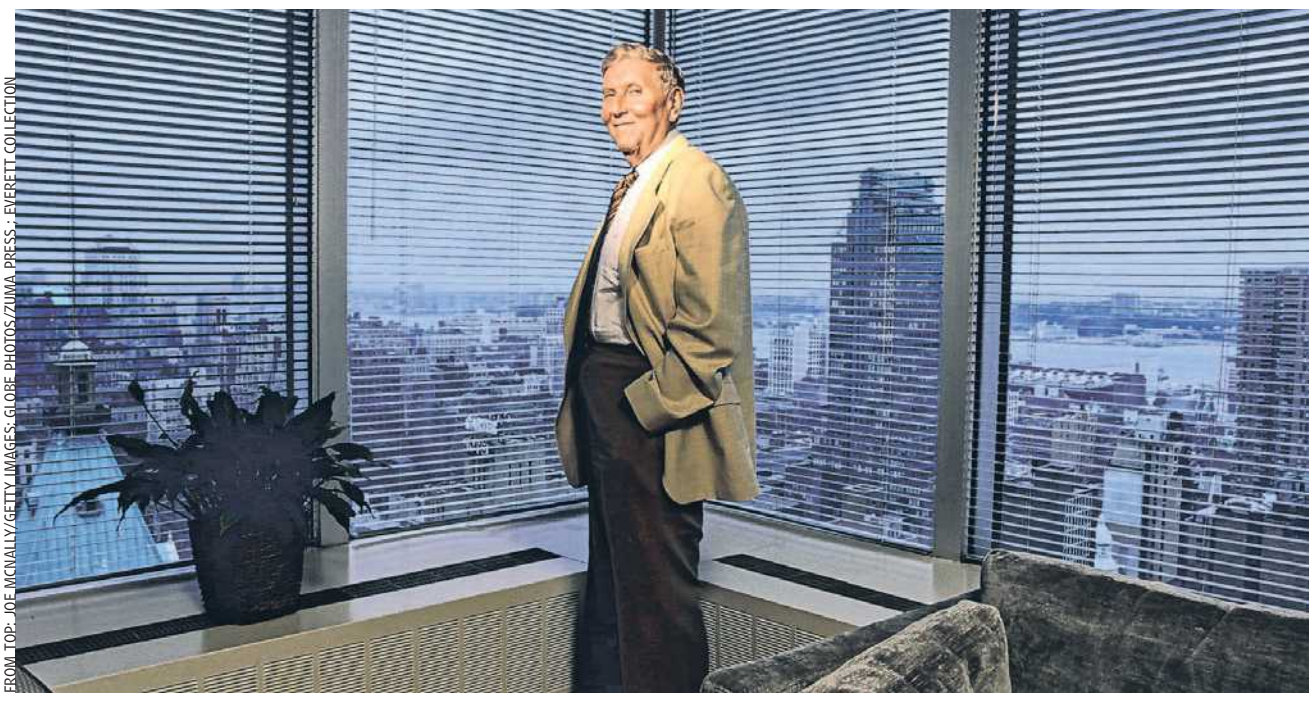
The bank agreed not to launch another co-branded card for about another year, according to people familiar with the matter, but has been open about its desire to add more merchants. It will have to unseat big banks that dominate the co-brand space, including **Synchrony Financial** and **Citigroup** Inc., whose former head of card partnerships, Scott Young, Goldman hired in 2017 to pursue similar deals.

Capital One has issued the GM card since 2012 and still has about a year left on the contract.

In their pitches to GM, Goldman and Barclays have pushed the idea of cars as e-commerce portals, people familiar with the matter said, an effort that the auto maker itself has embraced. GM was the first major car company to allow drivers to order food, pay for gas and book hotel stays from dashboard touch screens, and it signed up merchants including Dunkin' Brands Group Inc. and Shell.

It is part of a broader effort to wire everyday gadgets to the web to encourage consumer purchases and gather data. This technology has been slow to take hold—not everyone needs a refrigerator that says when the milk is running low—but it taps into a broader trend of consumer spending

Please turn to page B2



FROM TOP: JOE MCNALLY/GETTY IMAGES; GLOBE PHOTOS/ZUMA PRESS; EVERETT COLLECTION

'CONTENT IS KING': Sumner Redstone, who ran National Amusements, Viacom, and CBS, in his New York City office in 1994.

Media Mogul Built Family Empire

By Keach Hagey And Amol Sharma

Sumner Redstone, who turned his family's movie-theater company into a global media empire spanning television, movies, radio and books, and who famously proclaimed that "content is king," has died. He was 97 years old.

Rising from humble beginnings, Mr. Redstone achieved fame in the entertainment industry late in life, assembling a sprawling set of assets through a mix of savvy investing, creative litigation and all-around ruthlessness. He was among a now-shrinking group of moguls like John Malone and Rupert Murdoch who have shaped the media landscape through gutsy mergers.

OBITUARY
SUMNER REDSTONE
1923-2020

The media businesses he controlled, now part of **ViacomCBS**, delivered an array of programming into American living rooms and onto the big screen, from CBS prime-time shows like "The Big Bang Theory" and irreverent cable programs on MTV and Comedy Central to film hits from the Paramount Pictures studio such as "Titanic" and "Top Gun."

The mercurial Mr. Redstone was famously hot-tempered in both his business and family dealings. Known to his own grandchildren as "Grumpy," over the years he sparred with and dismissed several top executives, feuded with nearly all of his closest family members and was so hard on wait staff that he was barred from some restaurants.

Having survived several brushes with death—once by fire and later by cancer—he loved to boast that he would never die. On the rare occasion that he would admit to being mortal, he assured investors in his $27 billion media empire that his meticulous estate planning would ensure that he would control his assets from beyond the grave.

But as his health began to falter in his later years, a series of battles unfolded over who would control his empire. A question at the center of those fights was whether he had the mental capacity to continue as the controlling shareholder.

When the dust settled by the fall of 2018, his once-estranged daughter, Shari Redstone, was calling the shots at both CBS and Viacom, as the de facto leader of **National Amusements** Inc., the family holding company that owned 80% of the voting shares in

Please turn to page B2

Mr. Redstone with Mel Karmazin in 1999 to announce Viacom-CBS deal; below, with Julie Andrews in 1965.

Daughter Already Holds The Reins

By Keach Hagey And Benjamin Mullin

For nearly two decades, Shari Redstone fought to ensure she would succeed her father Sumner atop the family's media empire when he died.

But when the moment arrived Tuesday, and the media mogul who swore he would never die passed away at the age of 97, she was already sitting on the throne.

Over the past five years, Ms. Redstone, 66, has transformed from estranged daughter to de facto head of the family business, as chairman of the media conglomerate ViacomCBS Inc. She ended up in that position after a series of pitched legal battles set against the backdrop of Mr. Redstone's deteriorating health and questions about his mental capacity.

The mogul's death thrusts Ms. Redstone into a new era that could bring fresh challenges and test the succession groundwork she and her father laid in recent years. Voting power over National Amusements, the family company that controls ViacomCBS, now passes to a seven-member trust. That trust will have the power to affect the makeup of the ViacomCBS board and influence strategic transactions like a sale or acquisition.

Ms. Redstone is among the trustees, as is her son, and on

Please turn to page B2

Lyft Records Severe Revenue, Ridership Drop in Pandemic

By Preetika Rana

Lyft Inc. reported a dramatic drop in riders and revenue in the second quarter, as rising coronavirus infections in the U.S. and prolonged shutdowns weighed on its results.

The San Francisco-based ride-hailing company said it had 8.7 million active riders in the three months ended June 30, compared with 21.8 million in the year-earlier quarter and 21.2 million in the previous quarter, when the pandemic hit the U.S., keeping people at home and disrupting travel.

Second-quarter revenue fell by more than half, to $339.3 million from $867.3 million in the same period a year ago. The net loss narrowed to $437.1 million from $644.2 million in the year-earlier quarter. The adjusted loss before interest, taxes, depreciation and amortization widened to $280.3 million from $204.1 million in the year-earlier period. Lyft has said it hopes to become profitable by that measure next year.

The results were broadly in line with Wall Street's already muted expectations. Analysts surveyed by FactSet had predicted 8.7 million active riders in the second quarter, revenue of $330 million, and adjusted Ebitda of $301 million.

On a conference call with analysts, Lyft executives said rides climbed 78% in July compared with April, at the height of lockdowns in the U.S., signaling a gradual recovery. July rides were down 54% year-over-year, however.

Uber Technologies Inc. reported weak second-quarter results last week, with ride bookings down 75% year-over-year and 72% from the previous quarter.

Unlike Uber, Lyft doesn't have a food-delivery arm or a global footprint to rely on during depressed ridership in the U.S. But it forayed into delivering groceries and medical supplies in the quarter and also reported strong year-over-year revenue growth from its bike-sharing operations.

Revenue per active rider decreased just 2% to $39.06 from $39.77 in the second quarter a year ago, suggesting that Lyft's

Please turn to page B4

REI Does About-Face On Outdoorsy Base

By Konrad Putzier

Recreational Equipment Inc. is looking to sell its custom-made new headquarters and allow employees to work from home or other offices, the latest sign that the pandemic is driving companies to ditch central offices to raise cash.

The retailer, known as REI, was poised to open the new Seattle-area headquarters this summer after creating a unique building that reflected the company's outdoorsy image and could serve as a way to recruit new employees. The property features outdoor staircases and bridges, a courtyard of native plants, and skylights to let in sunshine and air.

But the cooperative said on Wednesday it was trying to find a buyer for the property before ever moving in. Instead of a single headquarters, REI will open a number of smaller offices and allow employees to work remotely, the company said. Employees have been working from home since March.

REI's about-face on a building that was two years in the making offers the latest example of how the coronavirus pandemic is changing daily work habits and upending the office sector.

Many companies say they have been surprised by how productive remote work has been, and they plan to allow their employees to work from home on some days even after the pandemic is over. The recession has also increased pressure to shore up finances. Trying to terminate expensive office leases or selling properties is one way to boost cash.

"The dramatic events of 2020 have challenged us to re-examine and rethink every aspect of our business and many of the assumptions of the past," REI CEO Eric Artz said

Please turn to page B2

Investor Site Brings Inquiries by SEC, FBI

By Dawn Lim And Dave Michaels

Two U.S. agencies are examining investments sold by **YieldStreet** Inc., an online platform that pitches itself as giving people the chance to get in on deals usually reserved for the largest investors.

The Securities and Exchange Commission is investigating YieldStreet and collecting information on some of the firm's business dealings, people familiar with the matter said.

The Federal Bureau of Investigation has been seeking information on some of YieldStreet's practices and interactions with customers, including how the firm marketed certain deals, said an investor interviewed by the FBI in recent months.

"We do not believe that we are the target of any investigation," YieldStreet said in a written statement. The company said it notified authorities in different countries about what it believes to be a fraud scheme that YieldStreet was ensnared in.

Launched in 2015, YieldStreet sells investments in loans backed by everything from ships to artwork to legal settlements. Its customers buy into investment notes designed to deliver cash payments—in some cases targeting as much as double-digit yields—tied to those underlying loans. Individuals poured more than $1 billion into investments through YieldStreet.

The SEC and FBI, some of the people said, are looking into circumstances around some $90 million in notes YieldStreet sold that were linked to loans for ship-breaking. That is the labor-intensive and hazardous business of extracting scrap metal from older vessels. YieldStreet packaged those loans into notes, and sold a series of those notes starting in 2018.

In March, YieldStreet told

Please turn to page B10

INSIDE

RETAIL
Biggest luxury brands hold up better than the industry as a whole in coronavirus crisis. **B3**

AGENCE FRANCE-PRESSE/GETTY IMAGES

BUSINESS
Aerospace suppliers suffer from the pandemic-driven travel downturn. **B5**

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A
Advanced Micro Devices A1
Airbus....B5
Alibaba....B4
American Eagle Outfitters....B4
American Express....B2
Apple....A1

B
Barclays....B1
Becton Dickinson....A4
Berkshire Hathaway....B5
Boeing....B5
Brookfield Property Partners....B3

C
Capital One Financial..B1
Centerview Partners Holdings....A5
Cisco Systems....B4
Citigroup....B1
Compagnie Financière Richemont....B3
ConocoPhillips....A1
CVS Health....A4

G
Gallup....A8
General Electric....B5
General Motors....B1
Goldman Sachs....A5,B1
Grubhub....B11

H
HollyFrontier....B4
Honeywell International B4
Howmet Aerospace....B5
Huawei Technologies..A1

J
J.C. Penney....B3
Just Eat Takeaway....B11

K
Kering....B3
Kindred Systems....B4

L
LVMH....B3
Lyft....B1

M
Marathon Petroleum..B4
Microsoft....A6

N
National Amusements B1
Nautilus....B11
Netflix....B11

P
Peloton Interactive...B11
Phillips 66....B4
Procter & Gamble....B4

Q
Qualcomm....B3
Quidel....A4

R
Raytheon Technologies B5
Recreational Equipment B1

S
Safran....B5
Salvatore Ferragamo..B3
Simon Property Group B3
Spirit AeroSystems....B5
Starbucks....B4
Stein Mart....B2
Sycamore Partners....B3
Synchrony Financial....B1

T
Tencent....B4
Tesla....A6
Tod's....B3
21st Century Fox....B3

U
Uber Technologies B1,B11
United Airlines....B5

V
ViacomCBS....B1

W
Walt Disney....B3,B11
Wells Fargo....A1

Y
YieldStreet....B1

INDEX TO PEOPLE

A
Andelman, David....B2

B
Borgne, Anne Le....B3
Boykin, Thomas....B4

C
Cahall, Steven....B2

D
Daley, Bill....A1
Dauman, Philippe....B2
Diller, Barry....B2

E
Effron, Blair....A5

F - G
Feygin, Ilya....A1
Freston, Tom....B2
Gardner, Brian....A5
Groen, Jitse....B11

H
Harvey, Chris....A6
Hawkins, Hunt....B2

I
Irwin, Scott....B10

J
Jacobs, Norman....B2
Jankowski, Tad....B2

K
Korff, Tyler....B2
Krutick, Jill....B2

L
Lewin, Leonard....B2
Lo, John....B4

M
Malone, John....B1
Michaels, Kevin....B5
Mitchell, James....B4
Moonves, Leslie....B2
Morton, Chris....B3
Murdoch, Rupert....B1

N
Natarajan, Shekar....B4

P
Park, Edward....A6
Petitcolin, Philippe....B5

R
Redstone, Shari....B1
Redstone, Sumner....B1
Robbins, Chuck....B4

S
Smith, Greg....B5
Suchinski, Mark....B5
Sussberg, Joshua....B3

Z
Zuzolo, Michael....B10

BUSINESS & FINANCE

Stein Mart Joins Chapter 11 Filers

By Aisha Al-Muslim

Stein Mart Inc. filed for bankruptcy with plans to permanently close all or most stores, joining a long list of distressed retailers that succumbed to the economic fallout caused by restrictions due to the coronavirus pandemic.

The discount department-store chain filed for chapter 11 protection Wednesday in U.S. Bankruptcy Court in Jacksonville, Fla. Stein Mart said it is evaluating strategic alternatives, including the potential sale of its e-commerce business and related intellectual property.

The decision to file for bankruptcy comes after the publicly traded company raised substantial doubt in June about its ability to stay in business over the next 12 months due to the pandemic's adverse effects on revenue, operations and cash flow.

"The combined effects of a challenging retail environment coupled with the impact of the coronavirus...pandemic have caused significant financial distress on our business," said Hunt Hawkins, Stein Mart's chief executive.

Stein Mart's sales had been under pressure since 2016, but Covid-19 further hurt the company's business due to lower in-store traffic that strained its credit facilities, as it borrowed seasonally higher amounts to cover cash shortfalls from lower sales.

The company expects another decline in customer traffic and sales resulting from the resurgence of Covid-19 cases in the Southeast, Texas, Arizona and California, where most its stores are located, Mr. Hawkins said in a declaration filed with the court.

Founded in the early 1900s as a single store in Greenville, Miss., the company is now based in Jacksonville, Fla., and it has more than 280 stores across 30 states. It employs about 7,950 people, down from about 9,000 before the pandemic. A recent filing showed it had assets of more than $757.5 million and debts of about $791.3 million.

Other department-store chains have been pushed into bankruptcy in recent months due to the pandemic, including Lord & Taylor, J.C. Penney Co., Neiman Marcus Group Ltd. and Stage Stores Inc.

Net sales for the first quarter fell 57% from a year earlier to $134.3 million. It began reopening stores in April and had reopened all of its stores with reduced hours by June 15.

Sumner Redstone Dies at 97

Continued from page B1

each business. The two former chief executives with whom she had sparred, Viacom's Philippe Dauman and CBS's Leslie Moonves, had been forced out. On her watch, CBS and Viacom agreed to merge in 2019.

Mr. Redstone's controlling interest in the media empire will now be managed by a trust on behalf of his grandchildren and their descendants. Ms. Redstone is on the trust, along with her son Tyler Korff, and several other Redstone family associates.

Mr. Redstone grew up in Boston's West End, a lower-income immigrant enclave. His family's apartment had no toilet; they used a pull-chain commode down the hall. His father drove trucks for his own father's bakery-supply business, a resource that family members say he put to more lucrative use during Prohibition.

After repeal, he went into liquor wholesaling and, in partnership with a local bookie, opened one of the country's first drive-in theaters. His father changed the family name from Rothstein to Redstone when Sumner was in high school.

As a student at Harvard, Mr. Redstone helped work to break Japanese codes during World War II. He attended Harvard Law School and, upon graduation, went to work in the government. He was a special assistant to the attorney general when the Justice Department was pursuing U.S. v. Paramount, an antitrust case that broke up the traditional Hollywood studio system.

In 1954, he joined the family's drive-in theater company, later renamed National Amusements, and over time took control, aggressively expanding around the East Coast and Midwest. Drawing on his Justice Department experience, he successfully sued the major studios in 1958 to force them to give his theaters top movies at the same time they were made available to bigger chains. He pioneered the idea of theaters with more than one screen and trademarked the term "multiplex."

In 1979, at age 55, Mr. Redstone's brilliant career was nearly cut short. He was staying at Boston's Copley Plaza hotel when he awoke to the smell of smoke. He opened his hotel room door and was engulfed in flames, he recounted in "A Passion to Win."

What he didn't mention in his autobiography is that he was in the room with his longtime mistress, Delsa Winer, who managed to escape out the window with minor injuries. The fire left him with burns over 45% of his body and a gnarled claw for a hand.

GLOBE PHOTOS/ZUMA PRESS

Over the past five years, Shari Redstone has transformed herself from estranged daughter to de facto head of the family business.

In 1987, after a series of well-timed investments in Hollywood studios, Mr. Redstone made his biggest business move yet: going after Viacom. The company had been spun out of CBS in 1971 to comply with new rules (repealed in the 1990s) against vertical integration. Viacom owned cable systems, TV and radio stations, as well as cable channels MTV and Showtime. The management of Viacom was trying to take it private. Mr. Redstone countered with a higher bid and ultimately secured the deal for $3.4 billion.

One of Mr. Redstone's lifelong dreams was to own the Paramount film studio, and he ramped up his pursuit of the company in the early 1990s. It turned out to be one of the defining struggles of his career. After years of courting Paramount CEO Martin Davis, Mr. Redstone finally negotiated an $8.2 billion deal to buy the company in 1993.

But before long, a rival emerged when Barry Diller, head of the QVC shopping network and a former Paramount executive, launched his own bid. What followed was a fierce bidding war that Mr. Redstone said strained his relationship with Mr. Diller.

Both sides raced to line up sources of cash. Mr. Redstone tapped Blockbuster Entertainment and the phone company Nynex. He ultimately won Paramount for nearly $10 billion.

At the time, critics thought Mr. Redstone overpaid but Paramount went on to release blockbusters such as "Titanic" and the "Mission: Impossible" franchise.

Mr. Redstone added CBS to his holdings in 1999 through a $37 billion stock merger, the largest media deal up to that point in U.S. history. Mr. Redstone saw the company's broadcast TV and radio operations as natural complements to Viacom's cable portfolio. Within a few years, though, cable growth accelerated and broadcast looked like a laggard.

As his health began to falter, battles unfolded over who would gain control.

In 2006, frustrated with Viacom's stagnant stock price, Mr. Redstone divided CBS and Viacom once again. He put Mr. Moonves in charge of CBS; MTV pioneer Tom Freston was installed as Viacom's chief executive, but he didn't last a year on the job.

Mr. Redstone also had plenty of turbulence in his personal life. His marriage to his first wife, Phyllis, ended in 1999 after more than 50 years. Four years later, he married a former schoolteacher, Paula Fortunato, who was 39 years his junior. They divorced in 2008.

In 2006, his son Brent sued National Amusements, seeking the company's dissolution to gain control of his one-sixth stake. The suit was settled, with Brent being bought out.

Mr. Redstone once touted his younger child, Shari, as a rising star and likely successor. But the two went through periods of intense friction, at one point only communicating by fax. In 2014, he offered her a deal worth $1 billion for her 20% stake in National Amusements, contingent on her relinquishing her bid to be chairman of Viacom and CBS after his death, the Journal reported at the time. She refused.

Drama over Mr. Redstone's condition began to intensify in the fall of 2015. When the mogul kicked former companion Manuela Herzer out of his Beverly Park, Calif., mansion, and removed her as his healthcare agent, she sued to challenge his mental competency.

The suit was eventually dismissed, but not before the case became a major spectacle in the media world. In a videotaped deposition, Mr. Redstone had great difficulty communicating, was unable to answer basic questions about himself or spell out words, according to a transcript.

In February 2016, Mr. Redstone stepped down as chairman of his two companies, and the boards elevated the respective chief executives—Mr. Moonves at CBS and Mr. Dauman at Viacom—to replace him in those posts.

But Mr. Redstone remained controlling shareholder and began to make sweeping changes. In May, following the resolution of the Herzer lawsuit, Mr. Redstone removed Mr. Dauman from the National Amusements board and his trust. He later replaced five Viacom board members.

The removed parties sued. In a settlement, Mr. Dauman exited and left Ms. Redstone more powerful than ever. Her first order of business was to urge CBS and Viacom to explore a merger. CBS's then-CEO, Mr. Moonves, was cool to the prospect.

In May 2018, amid another push by Ms. Redstone for a merger, CBS sued to not just block the deal, but to remove her family's voting control permanently. In July, the New Yorker reported allegations by more than a dozen women that Mr. Moonves had sexually harassed and assaulted them. Mr. Moonves has denied the allegations. He later resigned amid a broader settlement between CBS and National Amusements. In 2018, the CBS board fired him.

CBS and Viacom agreed to merge in 2019, undoing the split Mr. Redstone had carried out 13 years earlier. He was among those voting in favor.

Goldman, Barclays Seek Card

Continued from page B1

becoming more seamless and digital. The coronavirus pandemic could add to the appeal by increasing demand for e-commerce and contactless pickup.

The push is supported by card networks such as Visa Inc. and Mastercard Inc., which make money when cards are swiped, virtually or not. These companies are eager to expand shopping beyond store checkout counters and websites.

A deal with GM would advance Goldman's ambitions on Main Street. Since launching its consumer arm, Marcus, four years ago, the firm has amassed $7 billion in loans and is aiming for $20 billion by 2025. Holders of the Apple Card had $2.3 billion in outstanding balances as of June 30.

Without a well-known consumer brand or physical branches to bring in customers, Goldman is turning to partnerships, hoping to turn iPhone users, GM drivers, Amazon shoppers and AARP members into customers.

In deals like the one being discussed, a new bank typically agrees to pay a small premium to buy an existing card portfolio and hopes to make up the money by encouraging more spending, signing up more cardholders, and cross-selling them on other products. The deals typically involve sharing of card interchange fees and other revenue.

It is not unusual for merchants to shop around for new issuers, often to negotiate a better financial arrangement. Walmart Inc. replaced Synchrony with Capital One in 2019, and Costco Wholesale Corp. traded **American Express** Co. for Citigroup in 2016.

REI Wants To Ditch Main Office

Continued from page B1

in a statement. "That includes where and how we work."

REI is the latest in a growing list of companies embracing remote work. Twitter Chief Executive Jack Dorsey, for example, said in May that the vast majority of the company's employees would be allowed to work remotely indefinitely. Facebook CEO Mark Zuckerberg has said that he expects half the company's employees to work remotely within a decade. While few observers expect companies to ditch the office altogether, many expect that firms will use less space in the future and in some cases switch from a single, big headquarters to multiple smaller locations.

Jamie Hodari, CEO of coworking company Industrious, said companies have been moving toward flexible work schedules and opening small offices in more cities for years but the trend has accelerated during the pandemic. He is also seeing companies looking to distribute their workforces over several small office locations within a single city. REI is one of the first companies to go public with its plans, he said.

"This is going to be a thing you will hear from hundreds of Fortune 500 companies," he said.

REI's chief customer officer, Ben Steele, said the company is now looking for smaller offices close to where its employees live in a bid to cut down on commutes. When the company began building its headquarters in 2018, the thought was that "for us to be able to collaborate effectively, we need to be in a single location," Mr. Steele said. But over the past couple of months, Mr. Steele said, the company learned that collaboration works fine even if everyone is in their living rooms.

Money is another concern. REI's business has been hurt as the company closed its stores during the height of the pandemic. By selling the headquarters, the company hopes to raise cash that it can invest in other parts of the business.

The company declined to say how much it spent to build the headquarters or what sales price it expects to achieve. REI is selling at a time when demand for office properties looks weaker than it has been in many years, and it is marketing a property that was uniquely tailored to a specific user. A company spokeswoman said REI still hopes to make a profit.

While the property offered an "attractive work environment," Mr. Steele said, the added flexibility of remote work would more than make up for the loss. "I'd love to have time in the outdoors even more than I'd love to have an office that's connected to the outdoors," he said.

Daughter Already Has Reins

Continued from page B1

her watch in 2016 two close associates of hers were added: longtime National Amusements executive Tad Jankowski, and former media analyst and artist Jill Krutick. The other trustees are Mr. Redstone's tax lawyer, David Andelman, his divorce lawyer, Norman Jacobs, and his ex-wife's divorce lawyer, Leonard Lewin.

The makeup of the trust suggests it is unlikely to be an obstacle for Ms. Redstone. Still, any offer to acquire some or all of ViacomCBS would now have to win over additional stakeholders. The trustees have a legal obligation to look out for the family's estate's beneficiaries, including Mr. Redstone's grandchildren. The mogul had been public about not wanting to give up control of his media assets, especially the hard-won Paramount Pictures film studio.

"Now an offer for the studio would be put to the trust and it would have a fiduciary responsibility to the beneficiaries to consider it," said Steven Cahall, an analyst at Wells Fargo, who predicted that investment bankers will view the transfer of control to the trust as an "opening for deal activity."

Ms. Redstone has said she wants to create value for ViacomCBS's shareholders as well as National Amusements and believes their interests are aligned.

In a statement, she said her father led "an extraordinary life" that "shaped entertainment as we know it today."

"Through it all, we shared a great love for one another and he was a wonderful father, grandfather and great-grandfather," she said. "I am so proud to be his daughter and I will miss him always."

During her rise, Ms. Redstone fended off challenges from the former CEOs of Viacom Inc. and CBS Corp. as well as her father's former live-in companions. Last year, she successfully advocated for a merger of the two companies—bringing together cable brands like MTV and Comedy Central with the CBS network and Paramount studio—arguing they needed greater scale to withstand the rise of cord-cutting and an industrywide shift toward streaming video.

She has had a trial by fire as a newly minted mogul. The merger wasn't initially well received by investors, driving down ViacomCBS's market value to below what the companies were worth separately. A shareholder lawsuit accused Ms. Redstone and National Amusements of forcing the merger by putting loyalists in positions of authority to advocate for it. National Amusements declined to comment. A spokesman for ViacomCBS said the litigation was "without merit," and the company in June filed motions to dismiss the lawsuit.

The coronavirus pandemic has hammered ViacomCBS, as it has other media companies, as advertising sales dried up and studio production and theatrical releases were disrupted. ViacomCBS shares are down nearly 38% this year but have made gains since March.

ViacomCBS has notched some notable wins this year. It has struck deals with major pay-TV distributors such as Comcast Corp., Dish Network Corp. and Alphabet Inc.'s Google for carriage of its TV channels. The company has expanded its streaming services, with domestic paid streaming subscribers reaching 16.2 million in the second quarter.

After Legal Win, Qualcomm Turns Its Focus to 5G

By Asa Fitch

Qualcomm Inc.'s legal victory in a high-stakes battle with the U.S. government raises the opportunity for the smartphone chip giant to enjoy a period of relative calm and growth propelled by rising appetite for new 5G handsets.

The company is emerging from an unusually tumultuous five-year period. It has faced antitrust allegations, legal battles with its biggest customers, U.S.-China trade tensions, an activist shareholder advocating for the company to split up and a $117 billion hostile takeover attempt. An appeals court's decision Tuesday to vacate an antitrust ruling against the company resolved one of its last outstanding issues and sent shares close to a record high.

The appellate ruling was "the last domino to fall" after five years of uncertainty and shareholder anxiety, said Stacy Rasgon, an analyst at Sanford Bernstein & Co. The company can now move forward from a more stable position, he said.

Qualcomm executives see the company, a leading supplier of the chips powering 5G equipment, as being poised to benefit from wider global uptake of the technology as well as new product launches like Apple Inc.'s first 5G iPhone, which is due before the end of the year.

Last month, Qualcomm Chief Executive Steve Mollenkopf said the company expects sales of 5G handsets will likely come in at the high end of a projection of between 175 million to 225 million units this year.

While Microsoft Corp., Facebook Inc., Amazon.com Inc. and other technology companies have faced their own periods of tumult due to issues like antitrust scrutiny, investor activism and political pressure, few, if any, have experienced so much in as compressed of a timeline as Qualcomm.

Qualcomm's upheaval began in earnest in 2015, when activist investor Jana Partners LLC bought more than $2 billion of shares and pushed for the company to be split into two. The board, which had previously considered a breakup, rejected Jana Partners' plan and the investor ultimately sold its shares in 2016.

Soon after, Qualcomm tried to buy Dutch chip maker NXP Semiconductors NV for $44 billion in 2016 but the deal fell apart two years later after Chinese authorities didn't give their approval. Rival Broadcom Inc. launched a hostile takeover bid for Qualcomm in 2017, while the NXP deal was hanging in the balance. The Trump administration blocked that deal, in 2018, after a national-security review determined Qualcomm shouldn't be sold to Broadcom, which was then based in Singapore.

In 2017, Apple and the Federal Trade Commission sued Qualcomm, alleging the company abused its monopoly power in some markets for chips that handle cellphone communications.

The companies settled last year and dropped all litigation, though the FTC case continued. A district-court judge ruled against Qualcomm last year, siding with the FTC, which threatened a key source of revenue for Qualcomm. The company appealed, leading to Tuesday's verdict.

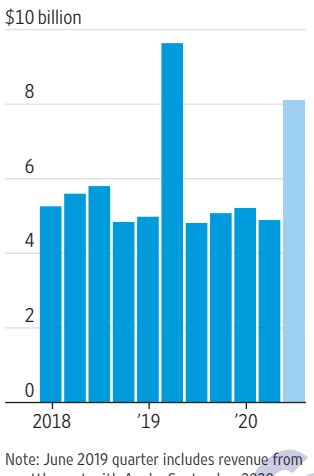
Qualcomm hasn't resolved all of the regulatory issues it faces. The FTC is examining whether to appeal and Qualcomm also faces an antitrust inquiry over one of its businesses in Europe.

The company is also lobbying the Trump administration for approval to sell 5G chips to Huawei Technologies Co. Qualcomm, which has been blocked from such sales by the U.S. government's industrywide restrictions on the sale of some components to the Chinese company, has been lobbying in Washington for a license to go ahead with the sales.

Kevin Cassidy, an analyst at Rosenblatt Securities, said litigation appears to have led to changes in Qualcomm's focus, with the company leaning more heavily on its chip sales rather than the contentious licensing business.

"The good news on that side is that operating margins will go up because they are not going to be spending money on lawyers," he said.

Qualcomm's quarterly sales



Note: June 2019 quarter includes revenue from a settlement with Apple; September 2020 quarter is top end of company guidance that includes Huawei settlement

Source: FactSet, the company

ALESSANDRO GAROFALO/REUTERS

Ferragamo's show during Milan Fashion Week in February. The independent brand was struggling even before the virus shut down stores.

Luxury-Goods Giants Show an Edge

By Eric Sylvers in Milan and Matthew Dalton in Paris

The coronavirus crisis is widening the gap between the haves and the have-nots of the luxury goods industry.

Virtually all luxury brands suffered revenue drops of more than 20% in the first half as boutiques were closed for months and big-spending shoppers couldn't travel. But the industry's biggest brands—Louis Vuitton, Dior, Hermès and some others—have held up better than the industry as a whole and taken market share in the crisis.

At the same time, midsize Italian luxury-goods companies **Salvatore Ferragamo** SpA and **Tod's** SpA have sputtered compared with their bigger competitors. Their brands were already suffering before the pandemic, hampered by lack of investment in digital marketing and e-commerce, a weakness that left them particularly susceptible when pandemic lockdowns made online operations the only way to connect with customers.

Analysts say the damage caused by the pandemic, coming after years of declining results for Tod's and Ferragamo, could raise pressure on the companies to seek outside investment or sell themselves to one of the industry's conglomerates: **LVMH Moët Hennessy Louis Vuitton** SE, **Kering** SA, **Compagnie Financière Richemont** SA or Capri Holdings Ltd. The giants control much of Italian luxury-goods production, including Gucci, Fendi, Bottega Veneta and Versace.

"The trends that we observed before the crisis—the fact that the bigger brands outperformed the smaller—continued and accelerated," said Anne Le Borgne, who manages a luxury and lifestyle investment fund with CPR Asset Management in Paris. "For the sector, this could accelerate consolidation."

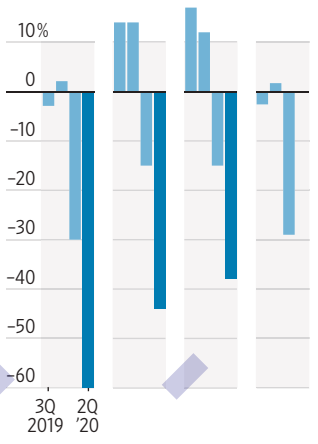
Tod's majority owner, Diego Della Valle, has repeatedly said he is committed to the brand, and he has increased his controlling stake over the past several years to 81%. Last month he reiterated that he has no intention of selling Tod's. Mr. Della Valle has in the past considered selling one of Tod's smaller brands, such as luxury sneaker label Hogan, said a person familiar with the matter.

Florence-based Ferragamo, still owned by the family that founded it almost a century ago, also says it isn't for sale. But the rehiring during the pandemic of a former longtime Ferragamo chief executive as executive deputy chairman led to a 15% jump in the share price amid speculation the company might be sold. The Ferragamo family is often seen as an obstacle to efforts to refurbish the brand.

Ferragamo revenue plunged 60% in the second quarter. In the first half, revenue fell 47%, compared with 27% for LVMH, which owns Louis Vuitton and Dior, and 30% for Kering, owner of Gucci and Saint Laurent. The two conglomerates reported steep drops in earnings, but remained profitable. Ferragamo will report complete first half results in September, with analysts expecting a loss. The company said revenue improved in all markets in July, the first month of the current quarter.

Tod's, which reports first-half results Sept. 8, could book an €80 million ($94.4 million) loss in the period, according to investment bank Equita.

Revenue, change from a year earlier, quarterly



*Tod's reports 2Q results on Sept. 8.

Source: the companies

The challenges facing the two companies predate the coronavirus. Tod's has had trouble connecting with younger consumers, and both have lagged behind in online sales.

Due to a surge during the coronavirus lockdown, Ferragamo and Tod's this year will get about 10% of sales through e-commerce, according to Flavio Cereda, an analyst with investment bank Jefferies. That remains below the industry average of around 15%, which also grew during the lockdown, he said.

Paris-based LVMH and Kering have so far fared better during the pandemic. LVMH has been able to lean on the strong momentum of its biggest brands, Louis Vuitton and Dior, both of which have well-developed e-commerce operations that have been able to offset much of the hit from closing physical stores across China and the West.

Momentum at Gucci, Kering's biggest brand, had already begun to slow before the pandemic. But Kering also owns two of the fastest-growing brands in the industry, Bottega Veneta and Balenciaga, and the group has extensive e-commerce operations.

The gap between industry leaders and some independent Italian brands shows how those that neglected their digital operations before the pandemic are struggling to catch up now.

The well-developed e-commerce operations of LVMH and Kering brands helped them to satisfy demand even during the height of lockdowns, when the industry was forced to shut bricks-and-mortar stores. Both groups have also devoted significant resources during the pandemic to cultivating top-spending clients even if they were unable to shop physically in boutiques.

"As we move past the pandemic's initial shock, we are seeing consumer confidence begin to return, with many customers now shopping online for the first time," said Chris Morton, CEO of Lyst, which ranks the fashion industry's hottest brands and products by tracking the behavior of more than 9 million online shoppers.

Ferragamo launched a refurbished website and e-commerce shop during Italy's lockdown that the company says have resulted in more online sales. But neither Ferragamo nor Tod's are in the top 20 of the most recent quarterly Lyst Index, which is led by Nike and includes Italian luxury brands such as Gucci, Fendi and Bottega Veneta that are owned by one of the conglomerates.

ESPN, Fox Face College Football Blow

By Benjamin Mullin And Alexandra Bruell

Walt Disney Co.'s ESPN and **Fox** Corp. stand to miss out on hundreds of hours of Saturday sports programming and big chunks of advertising revenue this fall if the bulk of college football's season doesn't happen until next year.

The Big Ten and Pac-12 conferences, which have deals with the networks, on Tuesday voted to postpone college football and other fall sports because of the coronavirus pandemic, a move that could prompt other high-profile conferences to follow suit.

"The season is clearly in jeopardy," said Patrick Crakes, a sports-media consultant and former Fox Sports executive. Mr. Crakes said the networks that rely heavily on the Big Ten, Pac-12 and other conferences that are postponing their seasons are at risk of losing more advertising revenue than rivals that still have college football games to show this fall.

Fox and ESPN have multiyear TV rights for Big Ten football games and Pac-12 football and basketball, for which they paid a combined $5.64 billion. Fox also owns 51% of the Big Ten Network, a 24-hour channel that shows games and highlights from Big Ten games. FS1 and FS2, cable networks owned by Fox, also carry college football games.

Fox and ESPN declined to comment. Fox Corp. and Wall Street Journal parent News Corp share common ownership.

DAVID STLUKA/ASSOCIATED PRESS

The Big Ten and Pac-12 conferences voted to postpone college sports.

Some major conferences are still planning to begin their football season this fall. The Southeastern Conference, which has rights deals with ESPN and ViacomCBS Inc.'s CBS, hasn't postponed its season but did reduce the number of games it plans to play. The Atlantic Coast Conference, which has a long-term rights deal with ESPN, on Tuesday said it would "stay flexible and be prepared to adjust as medical information and the landscape evolves." The Big 12, which also has a rights deal with ESPN, on Wednesday unveiled a revised football schedule for the fall. "If at any point our scientists and doctors conclude that our institutions cannot provide a safe and appropriate environment for our participants, we will change course," the conference said.

If other powerhouse college football conferences join the Big Ten and Pac-12, it would further jeopardize a bounty of ad dollars for major TV networks. Advertisers spent $1.16 billion on national TV advertising for college football games in the 2019-20 season, according to data firm Standard Media Index. Regular-season games generated $418 million for ESPN and $165 million in ad revenue for Fox during that period. Ad revenue from postseason games was about $389 million, with about $85 million generated by the national championship game, shown by ESPN.

Ad buyers say they expect to move college football investments to other live sports, such as the National Football League, assuming the pro games are played. "In the back of our minds we were always thinking, 'Hey, there's a better chance that something happens with a college football cancellation than NFL,' " said David Campanelli, chief investment officer at Horizon Media.

A postponed college football schedule will further diminish the appeal of live TV, with sports being one of the few remaining aspects of cable programming that hasn't been supplanted entirely by video-streaming services. Traditional pay-TV subscriptions fell by about two million in the second quarter of the year, according to research firm MoffettNathanson, reducing cable and satellite penetration to levels not seen since a quarter-century ago.

ESPN runs college football games on Thursday nights and throughout the day on Saturdays during college football season, with Fox broadcasting games on Saturdays, so filling the airtime will be a challenge. Networks could explore filling those time slots with sports that were postponed until the fall because of the pandemic, including golf and tennis tournaments or Major League Baseball games, according to a person familiar with the matter.

Mall Landlords Brookfield, Simon Bid for Penney Sites

By Alexander Gladstone And Andrew Scurria

Two of **J.C. Penney** Co.'s largest landlords have emerged as the leading contenders to acquire the department-store chain's retail business out of bankruptcy, according to people familiar with the matter.

Simon Property Group Inc., the biggest mall owner in the U.S. by number of malls, and **Brookfield Property Partners** LP, another big shopping center owner, have joined and are in advanced talks to purchase Penney's retail operations, people familiar with the matter said. In recent days, the pair have eclipsed other interested bidders, according to the people.

Penney reviewed a competing offer from private-equity firm **Sycamore Partners** that carried a slightly higher price tag, some of the people said. But Simon and Brookfield offered certain concessions over lease agreements that Penney and its lenders viewed as delivering better value, the same people said.

Simon didn't respond to requests for comment. Representatives for Penney, Brookfield and Sycamore declined to comment.

The negotiations are fluid, the people said, and aren't certain to produce an agreement acceptable to Penney and its top lenders. Other bidders would have the opportunity to top the lead offer, which also requires approval from the judge presiding over Penney's chapter 11 case in the U.S. Bankruptcy Court in Corpus Christi, Texas.

Penney is one of Simon's top anchor tenants, second only to Macy's Inc. If a deal comes together, it would save Penney from a possible liquidation and mark another acquisition by Simon of a bankrupt tenant. The company was part of a group that bought Forever 21 Inc. out of chapter 11 in February and Aéropostale Inc. in 2016. Simon also has agreed to buy Brooks Brothers out of bankruptcy for $325 million in a joint bid with apparel-licensing firm Authentic Brands Group LLC.

Years of changing shopping habits and growing e-commerce competition have pressured many bricks-and-mortar retailers. More recently, the coronavirus pandemic has choked off rent collections for retail landlords.

Simon has been exploring with Amazon.com Inc. the possibility of turning over space left by ailing department stores like Penney into Amazon distribution hubs, reflecting both the decline of malls as shopping destinations and the boom in online buying.

During a court hearing Wednesday, Penney bankruptcy lawyer Joshua Sussberg said the company was "in the red zone" regarding a sale but didn't offer specifics.

Cisco to Pursue Deep Cost Cuts

By Maria Armental

Cisco Systems Inc. said it would adjust investment plans and pursue deep cost cuts as customer priorities have shifted during the coronavirus pandemic, which contributed to the company posting the first annual revenue fall in three years.

The networking-equipment company, considered a proxy for corporate high-tech hardware demand, on Wednesday reported a 9% sales decline in the most recent quarter and said it would restructure operations, including offering early retirement to workers.

"The pandemic has had the most impact on our enterprise and commercial orders driven by an overall slowdown in spending," Chief Executive Chuck Robbins told analysts on a call. The company, he said, over the coming quarters would cut more than $1 billion in costs on an annualized basis.

Cisco didn't specify the number of positions it would shed but estimated charges of about $900 million before taxes, including about $800 million to be recognized in the current quarter, according to a regulatory filing. The company had indicated layoffs were coming.

The San Jose, Calif.-based company posted a fourth-quarter profit increase of 19% to $2.64 billion, or 62 cents a share. It estimated the restructuring hit to the current quarter's results at 13 cents to 15 cents a share. It said it expects to generate 41 cents to 47 cents a share profit in the quarter with revenue declining 9% to 11%. Analysts surveyed by FactSet have forecast an adjusted profit of 75 cents a share with revenue falling about 7% to $12.23 billion.

Cisco shares fell more than 6% in after-hours trading.

Mr. Robbins, on the call, said the pandemic was giving Cisco a further impetus to focus more research and development spending on cloud-computing activities, including security efforts. "Security continues to be a top priority for our customers, particularly in this distributed digital world," he said.

Cisco has extended free offers and trials for its video-conferencing-service Webex and security offerings as companies moved to remote work during the pandemic. The offerings, company officials said, could deliver a revenue boost in future quarters. "We have begun to see the conversion of free trials into paid subscriptions," Mr. Robbins said.

More than half of Cisco's revenue now comes from software and services, said Mr. Robbins said, who had made the shift away from reliance on equipment sales a priority.

Tencent's Profit Is Lifted By Games

By Jing Yang

Tencent Holdings Ltd. played down threats from the Trump administration's potential restrictions on its flagship WeChat app, as increased spending through its services and videogames pushed the Chinese internet giant to better-than-expected profit and revenue in the second quarter.

Tencent, the world's biggest videogame company by revenue, said profit in the June quarter grew 37% to 33.1 billion yuan ($4.8 billion) from a year earlier, helped by its mobile-game business. Revenue rose 29% to 114.9 billion yuan. Both beat analysts' estimates, according to FactSet. In addition to gaming, Tencent posted revenue growth in all of its major lines of business, including fintech, cloud services and online advertising.

Tencent said Wednesday that based on its analysis, President Trump's Aug. 6 executive order applies only to the international version of WeChat, meaning the majority of the app's business, as well as other business segments, would remain intact. "We are in the process of seeking further clarification from relevant parties in the U.S.," Chief Financial Officer John Lo said on an earnings call.

Tencent, with headquarters in Shenzhen, has been caught in the geopolitical tensions between China and other countries. The White House last week issued a surprising executive order—due to take effect Sept. 20—that would bar people in the U.S. or subject to U.S. jurisdiction from transactions involving WeChat or any Tencent subsidiary.

U.S. officials have said the app poses a national-security threat because it captures swaths of information and could give Beijing access to the personal data of Americans and of Chinese nationals visiting the U.S.

The company posted revenue growth in all of its major lines of business.

In June, India blocked WeChat, along with dozens of Chinese apps, on cybersecurity concerns as tensions intensified with China following a deadly border skirmish.

The White House's action—which also targeted the Chinese owner of short-form video app TikTok—escalated a long-simmering tech conflict between the world's two largest economies. With a market value of more than $640 billion, Tencent is one of the most profitable Chinese companies and is the country's second-largest internet company after **Alibaba Group Holding** Ltd.

WeChat and its domestic sister app Weixin have about 1.21 billion monthly active users combined.

On Wednesday's earnings call, Tencent executives sought to distinguish the two apps and allay investors' fears that the ban could hurt its domestic businesses. Tencent shares—which had been trading at record levels—are down nearly 6% in the four trading days since Mr. Trump signed the order.

The company generates less than 2% of revenue from the U.S., said Chief Strategy Officer James Mitchell. The executive order "clearly covers the U.S. jurisdiction, and consequently, we don't see any impact on companies advertising on our platforms in China," he said. International brands including **Starbucks** Corp. and **Procter & Gamble** Co. use Weixin—which means "micromessages" in Mandarin—to market their products and services to consumers in China.

Although WeChat has far fewer local users in the U.S. than TikTok, the app is a crucial communication channel for the Chinese diaspora and foreigners who have business or personal ties in China. Silicon Valley has taken the cue of WeChat's super-app model by building products with functions spanning messaging, payments and e-commerce.

Refiners Speed Transition to Renewable Fuel

By Rebecca Elliott

U.S. fuel makers see economic opportunity in getting greener as consumption remains depressed during the coronavirus pandemic and the prospect of more government regulations increases.

Phillips 66 said it is planning to transform a San Francisco-area oil refinery into a plant that produces fuels from products such as vegetable oil and animal fat, which generate less soot and fewer greenhouse gases.

The conversion, slated for completion in 2024, is expected to require around $800 million in capital investment and is one of several similar projects proposed in recent months, as U.S. refiners re-evaluate their businesses in light of Covid-19 and tightening environmental regulations.

The coronavirus pandemic has crushed demand for fuels such as gasoline and jet fuel, and many expect global oil consumption to remain depressed for years. But appetite for so-called renewable fuel is poised to grow because of government regulations in places such as California that are designed to reduce greenhouse gas emissions.

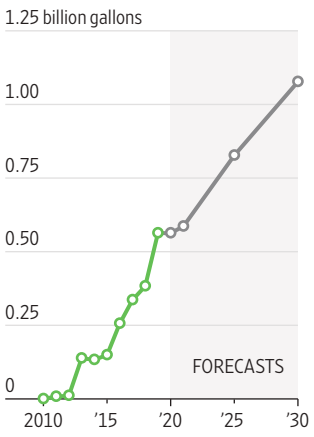
"The economic conditions are ripe for it," Bob Herman, Phillips 66's refining chief, said of the refinery conversion. He added that the company's San Francisco-area facility isn't making money as a traditional refinery.

Phillips 66's converted facility would largely produce a biofuel known as renewable diesel that is interchangeable with conventional diesel. Other types of biofuels, such as biodiesel and ethanol, must be blended with conventional refined products.

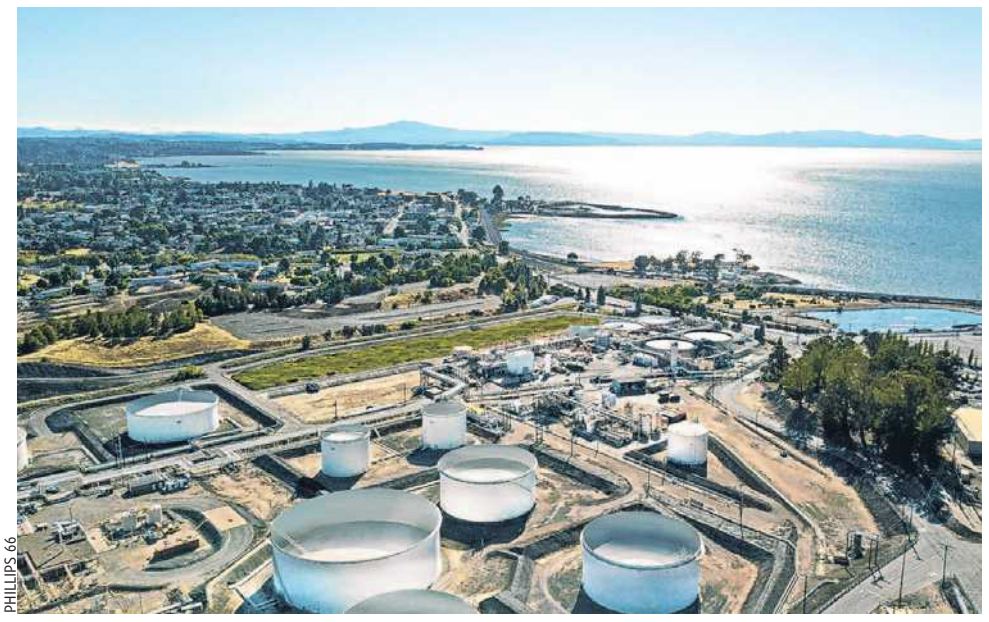
Renewable diesel generally isn't economical to produce without government incentives, and demand is small, said John Auers, an executive vice president at consulting firm Turner, Mason & Co. The fuel makes up around 1% of U.S. diesel consumption, largely driven by fuel regulations in California. The state aims by 2030 to reduce the carbon intensity of its transportation fuels by 20% compared with 2010 levels.

U.S. renewable diesel consumption is poised to continue climbing as environmental rules tighten.

Annual U.S. renewable diesel consumption



Source: Turner, Mason & Co.



PHILLIPS 66

Phillips 66 said it plans to convert its San Francisco-area oil refinery to a biofuel plant.

As California's rules become stricter and other states consider adopting similar rules, U.S. renewable-diesel consumption is projected to roughly double over the next decade to around 1.1 billion gallons a year, according to Turner Mason.

Mr. Herman said over the next decade, as California's fuel standards ramp up, the need for renewable fuels would become onerous if Phillips 66 weren't producing its own biofuel and instead had to buy credits.

Other fuel makers including **Marathon Petroleum** Corp. and a smaller rival, **HollyFrontier** Corp., see similar opportunities. Marathon said last week it is considering converting a California refinery it closed this spring to a renewable-diesel facility. HollyFrontier said in June it plans to close a Wyoming refinery and transition it to renewable-diesel production, as well as build additional capacity in New Mexico to process the materials used in renewable diesel.

HollyFrontier Chief Executive Michael Jennings attributed the decision to convert the Wyoming refinery in part to reduced margins on traditional oil refining because of the pandemic. "Demand for renewable diesel as well as other low-carbon fuels is growing and taking market share, based on both consumer preference and support from substantial federal and state government incentive programs," Mr. Jennings said in a call with investors.

Exxon Mobil Corp., meanwhile, said this week it had signed a deal to buy 2.5 million barrels, or around 100 million gallons, of renewable diesel a year for five years from a California facility that is being converted from an oil refinery.

Renewable diesel typically generates less soot than its petroleum-based counterpart and less than 40% of the greenhouse-gas emissions per unit of energy, measuring from production through consumption, said Robert McCormick, a senior research fellow with the National Renewable Energy Laboratory.

Companies Step Up Automation of Distribution

By Jennifer Smith

A handful of warehouse robots helped **American Eagle Outfitters** Inc. cope with a flood of online orders during coronavirus lockdowns as consumers loaded digital shopping carts with hoodies, leggings and loungewear.

Now the company is stepping up its use of automation. The company is installing 26 more piece-picking robots at its main U.S. distribution centers, making it the latest company to deepen its logistics technology investments as the coronavirus pandemic upends sales channels and supply chains.

The kiosk-size units from robotics provider **Kindred Systems** Inc. use mechanical arms, computer vision and artificial intelligence to sort through piles of apparel. They provide steady labor to help workers organize orders and reduce crowding on the warehouse floor, where the company said one human can manage multiple robots instead of standing next to other associates.

"During non-Covid times, if demand grew by 50% I would go hire 300 more people," said Shekar Natarajan, senior vice president of global inventory and supply chain logistics for American Eagle Outfitters, which said e-commerce sales for its American Eagle and Aerie brands shot up after stores closed in March.

Now, Mr. Natarajan said, "It's really tough because you're also trying to make sure you're keeping the associates safe.... You cannot actually bring in 1,000 to 2,000 untrained people into the distribution facility and maintain safe working conditions."

Upheaval from the coronavirus pandemic is pushing more companies to consider automating distribution and fulfillment, as the consumer rush to online shopping and social distancing practices within warehouse operations add to the challenges in strained logistics networks. Although fulfillment operations still rely largely on human labor, companies have been incorporating more technology in recent years as they seek to boost output and handle swings in demand more efficiently.

JOE RUCK, KINDRED

A Kindred sorting machine at an American Eagle Outfitters facility.

Covid-19 is accelerating that shift.

More than half of warehouse operators responding to a recent survey by Honeywell Intelligrated, **Honeywell International** Inc.'s warehouse automation business, said they were more willing to invest in automation as a result of the pandemic. E-commerce companies showed the biggest shift, with 66% saying they were more willing to do so, followed by food and beverage companies and logistics providers, at 59% and 55%, respectively.

About half of the respondents who had invested in automation said it was helpful for the business during the pandemic, with many citing their ability to continue operating with fewer staff on-site as a benefit, according to the survey, which polled 434 U.S.-based professionals in April and May.

The pandemic has highlighted the importance of operating flexibility that some newer types of automation can provide, said Thomas Boykin, a leader of Deloitte's supply-chain practice.

"The ability to scale up quickly or scale down without laying off workers or reconfiguring workers has become more important," Mr. Boykin said.

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Lyft Riders, Revenue Take Fall

Continued from page B1

decision to phase out rider discounts and shift toward profitable growth before the pandemic were showing results.

The company separately cut 17% of its workforce in the second quarter, while furloughing other workers and slashing pay amid cost-cutting efforts.

Regulatory hurdles are adding to its headaches. A California judge said Monday that Uber and Lyft shouldn't classify their drivers as independent contractors, citing the state's gig-worker law that went into effect this year. The ruling is on hold until next week, so the companies have a chance to appeal.

Lyft President John Zimmer told analysts the company would need to temporarily suspend operations in California if an appeal isn't successful over the next week.

The company can't comply with the order "at the flip of a switch," he said, adding that reclassifying hundreds of thousands of Lyft drivers is "nearly impossible." California accounts for 16% of Lyft's rides.

TNS/ZUMA PRESS

The ride-hailing company cut 17% of its workforce in the quarter while also slashing pay. A Lyft driver center in San Diego.

Aerospace Suppliers Suffer Travel Slump

By Doug Cameron

Companies that make parts for **Boeing** Co. and **Airbus** SE jets, and provide airlines with everything from engine spares to window shades, are shrinking rapidly in the wake of the pandemic-driven travel downturn.

The Precision Castparts unit of **Berkshire Hathaway** Inc. this week became the latest supplier to flag huge job cuts as the maker of aircraft-engine parts said it had shed 10,000 staff—30% of its workforce—since the start of the year.

Warren Buffett's investment vehicle took a $10 billion write-down on its 2015 acquisition, highlighting how the crisis gripping the airline industry is expected to linger. The world's two biggest plane makers signaled to suppliers that they plan to lower jet production for several years.

U.S. aerospace manufacturers have already shed more than 100,000 jobs since the start of the year, according to Labor Department data and regulatory filings, with the pandemic adding to existing pressures from the sharply reduced production of the still-grounded Boeing 737 MAX jet. Sector employment had climbed to almost a million at the end of last year and fell to 925,000 by June 30. Job cuts have continued to mount in recent weeks.

The biggest supplier on the MAX program, **Spirit AeroSystems Holdings** Inc., is cutting 8,000 jobs, around 40% of its commercial aerospace workforce. **General Electric** Co. is shedding 13,000 from its aviation unit, and other big suppliers such as **Raytheon Technologies** Corp., **Howmet Aerospace** Inc. and France's **Safran** SA have disclosed cuts in recent weeks.

"We have received more production schedule changes this year than I think we've seen in the last five years," said Spirit Chief Financial Officer Mark Suchinski on a recent earnings call.

In addition to the MAX, the supply chain is taking other hits. The overall production of new jets has declined, and the big drop in flying—a third of the global fleet remains grounded—has reduced demand for spares and improvements such as new seats. The reduced workload comes as companies had invested in new equipment and hiring to support higher jet production and the steady rise in airline passengers, only for the pandemic to render their business plans redundant.

Boeing sits atop a chain of more than 16,000 suppliers, many shared with Airbus and defense contractors that produce parts such as fasteners and circuit boards.

Chicago-based Boeing is forecast to produce around 240 planes this year, two-thirds lower than in 2019, and has twice this year reduced the guidance given to suppliers for output of the MAX. It delivered just four jetliners in July and is producing only a dozen MAX aircraft a month, down two-thirds from a year ago. Airbus is cutting production by a third.

"We've got to size the business and take the tough actions," Boeing Chief Financial Officer Greg Smith said in an interview last month.

Before the pandemic, Boeing was supporting smaller suppliers by ordering more parts than it needed and stockpiling them ahead of a planned increase in MAX production. That acceleration has failed to materialize. While Boeing is paying suppliers more quickly, it has slowed orders. Raytheon won't start shipping parts for new MAX jets until the second half of next year.

"Production rate downturns are more traumatic than people think," said Kevin Michaels, managing director of consultant AeroDynamic Advisory LLC, which works with suppliers. He expects the new production rates outlined by Boeing and Airbus to start forcing some smaller suppliers later this year to cut back, or even exit commercial aerospace in favor of more military work.

Aerospace suppliers typically provide parts and materials for commercial and defense customers, and the impact of the airlines crisis has been mitigated in part by the Pentagon. It used federal stimulus funding to send cash to smaller companies by accelerating contracts and payments to big defense contractors.

The most immediate financial challenge for suppliers is on the so-called aftermarket, sales of spares and maintenance services to airlines that are typically the most profitable business for aerospace companies. New parts are often sold at cost or at a loss, with companies recouping their investment on replacement sales over many years.

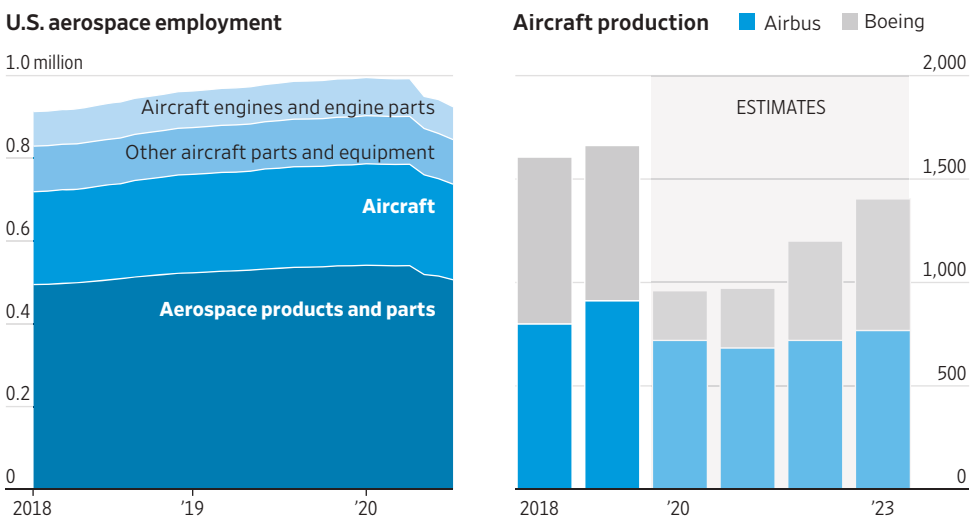
While flying levels have recovered from their low in April, the recovery remains sporadic, and carriers have slashed spending on aftermarket purchases. Global airline traffic remains around 50% below pre-pandemic levels, according to data provider OAG Aviation Worldwide Ltd. **United Airlines Holdings** Inc. said its maintenance spending in the June quarter was down more than 70% from a year ago.

That has translated into fewer visits to engine-repair shops as planes sit idle, while airlines have also canceled or deferred plans to refresh older planes. Safran, which coproduces engines for the MAX with GE and is one of the biggest players in the aftermarket, said its commercial sales fell 66% last quarter.

"We have a concern regarding the future of some of our suppliers and subcontractors because they are in crisis, too," Safran Chief Executive Philippe Petitcolin said on an investor call last week.

France has unveiled an aid package for its aerospace suppliers, and the looming challenge for U.S. companies has triggered calls from the Aerospace Industries Association for more federal aid to stem the job cuts and sustain an industrial base that also supports the military.

Hiring by defense contractors hasn't matched job cuts in the commercial sector.
Airline order cancellations and deferrals have forced plane makers to reduce output.



Sources: Labor Dept. (employment); the companies (production 2018-19); Wolfe Research (production estimates)

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. **% CHG**-Daily percentage change from the previous trading session.

Wednesday, August 12, 2020

Highs

Stock	Sym	52-Wk Hi/Lo	% Chg
ABB	ABB	26.66	2.2
AdaptHealth	AHCO	25.93	3.4
AdvDrainageSys	WMS	59.05	6.1
Aemetis	AMTX	3.47	28.0
AirTransportSvcs	ATSG	28.71	-1.7
Alpha&OmegaSem	AOSL	15.08	21.4
Amphenol	APH	110.38	0.9
Annexon	ANNX	29.71	19.6
APi Group	APG	15.43	-1.6
ArcBest	ARCB	33.86	-1.2
ArcelorMittalNts	MTCN	32.33	1.4
AtlasAir	AAWW	61.66	0.3
AutoNation	AN	58.07	5.3
BHP Group	BHP	58.35	1.1
BMC Stock	BMCH	33.32	5.5
BigLots	BIG	50.62	5.9
BioceresCropWt	BIOX.WS	0.69	8.9
BlackRock	BLK	605.72	0.6
BlueknightEnPtrsA	BKEPP	5.95	2.8
Broadcom	AVGO	335.88	3.0
BrookfieldInfr	BIPC	52.08	3.1
BuildersFirstSrc	BLDR	31.18	12.2
CambiumNtwks	CMBM	13.25	7.3
CanNtlRlwy	CNI	103.88	1.0
CanPacRlwy	CP	299.71	1.4
CarMax	KMX	106.74	2.2
CECO Env	CECE	8.99	2.5
CellularBiomed	CBMG	19.50	35.0
Chemours	CC	21.84	3.2
ChurchillDowns	CHDN	175.27	0.4
ClearwayEnergyA	CWEN.A	25.57	0.3
ColgatePalm	CL	77.78	1.7
CollectorsUniv	CLCT	44.00	1.2
ComfortSystems	FIX	55.59	1.1
Corning	GLW	32.87	1.3
CovenantLogist	CVLG	20.41	7.0
Covetrus	CVET	25.00	-2.7
DarlingIngred	DAR	33.73	0.5
DasekeWt	DSKEW	0.28	16.2
Daseke	DSKE	7.14	9.0
DelekLogistics	DKL	34.65	5.8
DigitalTurbine	APPS	25.11	5.1
DollarGeneral	DG	197.38	3.0
EPAM Systems	EPAM	314.32	5.5
EchoGlobalLog	ECHO	28.07	-0.3
EllomayCapital	ELLO	27.25	1.7
EnvivaPartners	EVA	43.42	0.4
EvolentHealth	EVH	13.68	1.9
eXpWorld	EXPI	32.92	3.1
FatBrandsWt	FATBW	1.35	10.2
FS Devt	FSDC	10.48	3.0
FactSet	FDS	363.18	1.2
FedEx	FDX	206.24	2.8
Ferrari	RACE	193.83	3.8
FstHorizonPfdE	FHNpE	26.37	-0.4
FirstHorizonPfdC	FHNpC	26.07	0.2
FirstRepBkPfd	FRCpJ	26.19	0.6
Forterra	FRTA	15.97	3.2
FortressValuell	FAII.U	10.20	1.7
FortBrandsHome	FBHS	83.49	2.4
FoxFactory	FOXF	112.40	1.8
FulgentGenetics	FLGT	44.79	1.8
GCPAppliedTechs	GCP	27.62	1.8
GencorIndustries	GENC	13.81	1.2
GibraltarInds	ROCK	68.61	1.6
Graco	GGG	58.08	0.5
Grainger	GWW	358.06	0.8
GreenPlains	GPRE	16.82	6.2
Grubhub	GRUB	78.38	4.8
HannonArmstrong	HASI	40.17	6.1
Hawkins	HWKN	59.32	4.1
HelenofTroy	HELE	211.94	1.1
HomeDepot	HD	282.97	2.4
HorizonGlobal	HZN	6.95	14.3
HormelFoods	HRL	52.50	1.2
HudsonTech	HDSN	1.30	2.4
JBHunt	JBHT	141.00	-0.3
HuntingtonBcPfC	HBANN	29.17	10.1
HutchisonChina	HCM	34.08	3.5
IES Holdings	IESC	30.01	4.1
IllinoisToolWks	ITW	199.90	1.1
Immersion	IMMR	9.64	4.2
InariMedical	NARI	71.05	10.6
IndiaGlblCap	IGC	2.67	300.4
InozymePharma	INZY	27.12	8.6
IssuerDirect	ISDR	18.00	4.1
iTeosTherap	ITOS	30.84	1.5
KimberlyClark	KMB	160.16	2.0
KornitDigital	KRNT	59.59	6.1
Kubient	KBNT	5.05	-17.0
LancasterColony	LANC	172.93	1.9
LandstarSystem	LSTR	133.70	0.8
Lantronix	LTRX	5.15	0.6
Lazydays	LAZY	15.28	4.1
Leaf	LEAF	5.62	7.1
CBTCS 04-6	JBK	31.50	4.4
LennoxIntl	LII	281.09	1.5
LincolnEduc	LINC	6.99	23.6
LithiaMotors	LAD	259.98	5.1
Lowe's	LOW	157.98	1.8
MICT	MICT	4.22	9.1
MagicSoftware	MGIC	13.83	1.1
MarineMax	HZO	32.06	1.3
MaxarTech	MAXR	26.45	4.4
McCormick	MKC	203.14	2.0
MetLifePfdF	METpF	26.24	1.0
MettlerToledo	MTD	975.02	2.7
NewsCorp B	NWS	15.47	2.1
NewsCorp A	NWSA	15.41	1.8
Nordson	NDSN	208.37	1.1
NorthernTrPfdE	NTRSO	27.35	0.6
OaktreeAcqn	OAC	10.70	0.2
OaktreeCapPfdA	OAKpA	28.02	1.0
OldDomFreight	ODFL	195.48	2.3
OpenLending	LPRO	19.93	-4.0
OrthoPediatrics	KIDS	54.27	4.9
PJT Partners	PJT	60.85	0.4
PRA Group	PRAA	46.14	0.1
PacificEthanol	PEIX	4.42	16.0
PennNational	PENN	51.17	6.8
Pennant	PNTG	38.00	40.7
Penumbra	PEN	239.14	1.8
Polaris	PII	110.30	-0.1
PotlatchDelt	PCH	45.98	1.3
Procter&Gamble	PG	135.97	1.7
PureAcquisition	PACQU	12.05	5.5
Qualcomm	QCOM	116.25	6.4
QuantaServices	PWR	50.93	-0.8
RIRCM	RCM	15.82	-1.2
Ranpak	PACK	9.35	0.2
RegalBeloit	RBC	100.70	1.6
Rent-A-Center	RCII	33.42	-0.2
RitchieBros	RBA	62.23	7.7
RoperTech	ROP	449.79	2.8
RushEnt A	RUSHA	51.23	0.6
Saia	SAIA	136.11	2.6
SchneiderNatl	SNDR	26.89	3.1
Semtech	SMTC	64.10	2.6
SherwinWilliams	SHW	675.74	3.0
Shift4Paymts	FOUR	49.14	3.7
ShockwaveMed	SWAV	55.15	0.1
SonicAutomotive	SAH	46.50	8.4
SouthernNts20	SOJD	26.39	0.4
Stepan	SCL	116.63	1.0
StifelFinlPfdC	SFpC	26.95	-0.5
StockYardsBncp	SYBT	44.72	0.8
SummerInfant	SUMR	19.50	28.4
SuperiorGroup	SGC	22.45	3.7
TD Holdings	GLG	3.90	3.2
TRowePrice	TROW	142.51	-0.4
Target	TGT	135.11	2.2
Ericsson	ERIC	11.99	2.1
TexasInstruments	TXN	139.14	1.9
TraneTech	TT	122.19	0.3
Tri-Cont Pfd	TYp	58.26	1.8
TruistFinlPfdO	TFCpO	27.83	0.7
UFP Inds	UFPI	63.69	2.9
USA Truck	USAK	12.85	4.9
US Xpress	USX	10.77	1.6
UtdCmtyBksPfdI	UCBIO	26.45	1.7
VeriskAnalytics	VRSK	192.40	1.4
VirtusInvtPtrs	VRTS	148.24	1.3
Watsco B	WSOB	238.93	1.1
WaysideTech	WSTG	26.44	0.7
WernerEnterprises	WERN	47.17	2.0
XPEL	XPEL	28.70	32.9
XP	XP	52.94	-1.7
YumChina	YUMC	54.96	2.1
BurningRockBio	BNR	20.51	-1.4
CastorMaritime	CTRM	0.18	-3.8
CheckmatePharm	CMPI	13.00	1.9
EastRscs	ERESU	9.91	-0.4
EnteraBio	ENTX	1.55	-5.4
EyePointPharm	EYPT	0.58	-9.8
GoHealth	GOCO	15.23	2.4
HallofFameResort	HOFV	4.10	-19.3
HallofFameWt	HOFVW	0.55	-19.5
IBEX	IBEX	14.90	-2.6
IterumTherap	ITRM	0.85	-9.6
KingoldJewelry	KGJI	0.39	-31.4
Kubient	KBNT	3.83	-17.0
LanternPharma	LTRN	10.78	-6.2
LegendBiotech	LEGN	30.61	0.5
NakedBrand	NAKD	0.35	-2.9
OccidentalPetrolWt	OXY.WS	3.90	0.5
PoseidaTherap	PSTX	11.00	-4.2
Q&K Intl	QK	8.16	-2.5
RecroPharma	REPH	3.01	-5.3
RockyMtnChoc	RMCF	3.05	-4.6
SeanergyMaritime	SHIP	1.31	-5.0
SteinMart	SMRT	0.15	-37.9
TOP Ships	TOPS	1.34	-14.6
VerricaPharm	VRCA	6.02	-6.0

Lows

Stock	Sym	52-Wk Hi/Lo	% Chg
Alector	ALEC	13.26	-5.7

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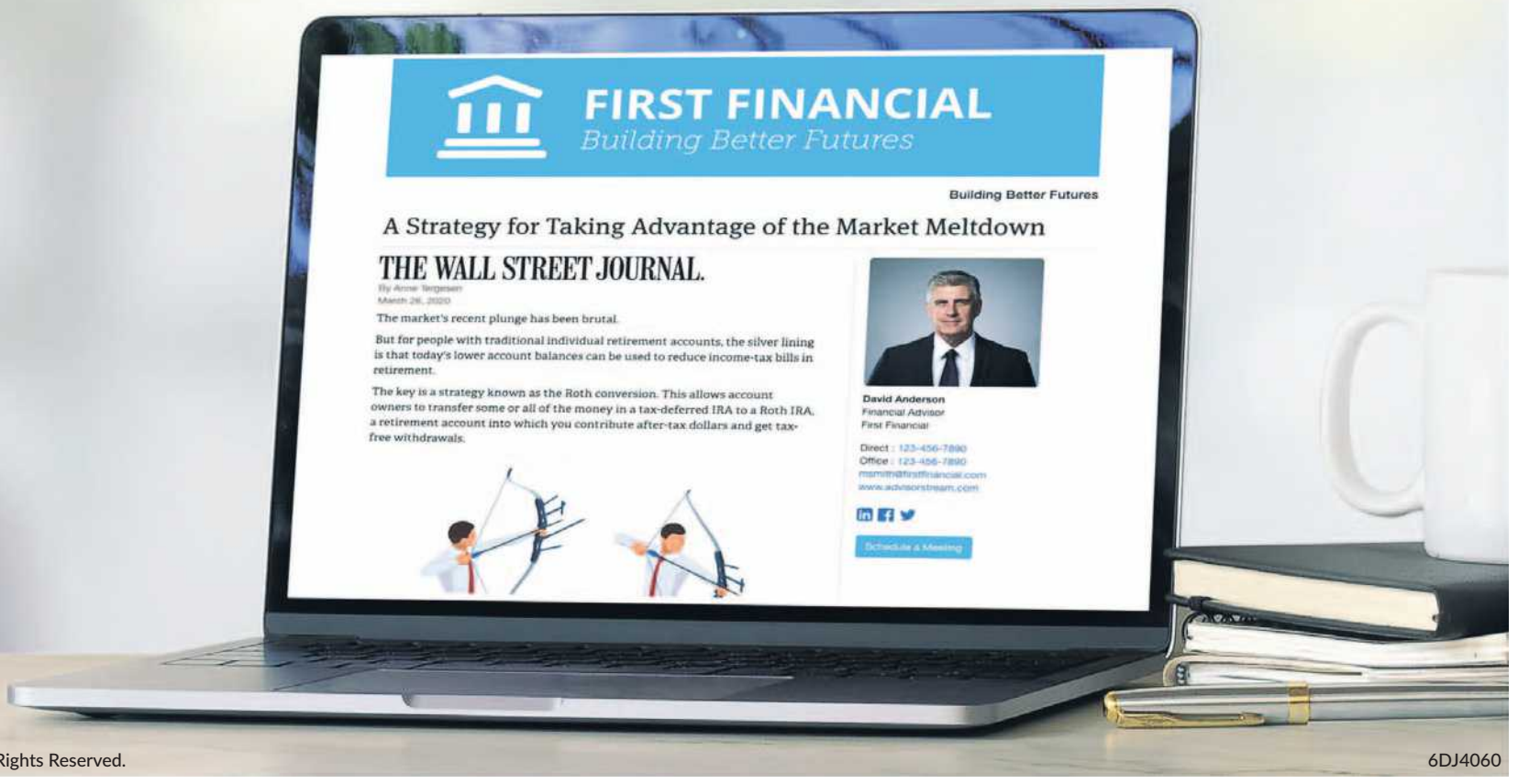
FIRST FINANCIAL
Building Better Futures
Building Better Futures
A Strategy for Taking Advantage of the Market Meltdown
THE WALL STREET JOURNAL.
The market's recent plunge has been brutal.
But for people with traditional individual retirement accounts, the silver lining is that today's lower account balances can be used to reduce income-tax bills in retirement.
The key is a strategy known as the Roth conversion. This allows account owners to transfer some or all of the money in a tax-deferred IRA to a Roth IRA, a retirement account into which you contribute after-tax dollars and get tax-free withdrawals.
David Anderson
Financial Advisor
First Financial

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Virus Threatens Bigger Shock to Oil Demand

By David Hodari

The coronavirus pandemic will have an even bigger impact on the global economy and its demand for oil than previously expected, the Organization of the Petroleum Exporting Countries said Wednesday.

The cartel estimates that world-wide oil demand this year will amount to 90.6 million barrels a day, 9.1 million barrels less than last year. The 9.1% decline is deeper than OPEC forecast in its previous monthly report.

COMMODITIES

OPEC also said that it expects a 4% contraction in the global economy, worse than its earlier estimate of 3.7%.

The Vienna-based organization expects economic recovery in all major economies now that lockdowns have eased, but wrote that "the latest surge of infections in the U.S. will need to be closely monitored, as a continuation of this trend may lead to an erosion in rebounding consumer confidence and spending behavior."

JASON ALDEN/BLOOMBERG NEWS

U.S. crude output last week fell to 10.7 million barrels a day, down from a record of 13.1 million in mid-March.

Rising coronavirus cases in India, Brazil and some euro-zone countries, such as Spain, also could derail economic growth and oil demand, OPEC said.

The recovery's vulnerability has kept oil prices stuck in neutral. Both Brent crude futures, the global benchmark, and West Texas Intermediate, the main U.S. gauge, have traded in narrow bands the past two months.

On Wednesday, Brent rose 2.1% to end at $45.43 a barrel. West Texas Intermediate gained 2.5%, to $42.67.

That's a lot higher than in spring, when U.S. futures prices plunged for the first time ever into negative territory on fears that there would be nowhere left to store oil as Americans hunkered down to slow the spread of the deadly disease. But $40 oil hasn't been enough to encourage U.S. producers to ramp up output.

The U.S. Energy Information Administration said Wednesday that domestic crude production last week fell to 10.7 million barrels a day, down from a record of 13.1 million in mid-March when governors began issuing stay-at-home orders.

Though jet-fuel consumption remained very weak, down about 45% from a year earlier, demand for diesel and gasoline continued to climb back and chip away at U.S. stockpiles, the EIA said.

Despite the risk of another round of lockdowns, OPEC left intact its forecast for a record-breaking rebound in 2021.

Member nations elected to soften their historic production curbs starting Aug. 1. OPEC and its market allies, such as Russia, will now hold back 7.7 million barrels a day. Saudi, Emirati and Kuwaiti production already have risen.

Questions remain as to whether countries, including Nigeria, that failed to comply with earlier quotas will follow through on pledges to compensate with deeper cuts this month and beyond.

Nigeria's crude output dropped by 38,000 barrels a day in July, according to official OPEC data, although other data cited in the report shows a decline of just 9,000 barrels a day.

Rise in Bond Yields Tempers Gold Rally

By Joe Wallace

Gold prices closed slightly higher after a wild trading session, extending a volatile spell for the market as climbing yields on U.S. government bonds sap investors' appetite for the precious metal.

Futures contracts for delivering gold in December, which notched a high last week, ended the day up 0.1% at $1,949 a troy ounce in choppy trading. Prices moved in a wide range overnight and during the regular session in New York, between a low of $1,874.20 and a high of $1,961.

Silver futures retreated but closed well above their lows of the day, slipping 0.3% to $25.979 a troy ounce on the Comex division of the New York Mercantile Exchange.

The moves followed a big drop in precious metals on Tuesday. Gold fell roughly 4.5%, while silver slid 11%.

The swings are interrupting a rally in precious-metal prices, which have soared as investors sought alternatives to low-yielding bonds and a haven from the economic downturn caused by coronavirus. Most-active gold futures hit a closing high of $2,069.40 a troy ounce on Aug. 6 and remain about 28% higher than they were at the end of 2019.

Treasury yields have picked up in recent sessions, curtailing investors' appetite for gold and silver, which pay no income. Yields on 10-year Treasury notes have advanced in four consecutive sessions and gotten a boost lately from better-than-feared economic data and hopes for a coronavirus vaccine. Bond yields rise as prices fall.

Investors are bracing for more gyrations in gold prices. One gauge of expected volatility, the Cboe Gold ETF Volatility Index, has soared over the past month, though it is well below its recent peak in March.

Like the VIX gauge that tracks volatility in stocks, the index uses options prices to calculate how far traders are expecting prices to move over the next month.

The options aren't tied to gold futures directly but instead to shares in the **SPDR Gold Trust**, the largest exchange-traded fund backed by physical bullion.

Adding to the choppiness in gold markets, novice investors sought to sell the metal the moment prices stumbled, according to Ole Hansen, Saxo Bank's head of commodity strategy.

"It was overdue, but probably now overextended," Mr. Hansen said of the reversal in gold prices. "The fact the correction was as deep as it has been was [due] to the fact there have been a lot of new investors entering the market in the past few weeks."

Mr. Hansen expects gold prices to resume their ascent, albeit at a slower pace.

"The reasons for holding gold and silver have not gone away at all," he said, citing stimulus policies by central banks that have depressed bond yields as well as lingering uncertainty about the outlook for the world economy.

Gold futures price*

*Most active contract
Source: FactSet

Gold futures have become less liquid in recent months, according to traders and analysts, meaning it is harder for investors to buy or sell the amounts they want for the prices they expect.

Some players have dialed back trading activity due to dislocations between prices for gold in different locations and at different dates, exacerbating price moves.

In one such dislocation, contracts for delivering gold in December are around $15 a troy ounce more expensive than contracts for delivery in August.

That gap is unusually wide, punishing investors who avoid taking hold of physical bullion in New York by selling near-dated futures and buying later-dated contracts.

Despite the turbulence, many investors expect gold prices to keep rising as the Federal Reserve pins down interest rates and buys bonds to support the U.S. economy.

"People are looking for a place to put their money with yields at zero," said Joe Foster, a portfolio manager at New York-based investment firm VanEck.

Prices could rise to $3,400 a troy ounce, according to Mr. Foster, whose fund invests in shares of U.S. gold mining companies.

Treasurys Stabilize After Auction

By Anna Hirtenstein

U.S. government bonds came under selling pressure for the fourth straight session Wednesday though there were signs of stabilization following a $38 billion auction of new 10-year notes.

The yield on the benchmark 10-year U.S. Treasury note settled at 0.669%, its highest close since July 6, compared with 0.657% Tuesday.

Yields, which rise when bond prices fall, had climbed heading into the auction, with the 10-year yield reaching as high as 0.69%.

That marked a turnaround for the bond market, which ended last week with 10-year yields stalled near record lows below 0.6%.

CREDIT MARKETS

The Treasury market's signals this year have been difficult to read for some investors, with the slide in bond yields suggesting they are nervous about the economic outlook, even as the sharp rally in U.S. stocks since a March low is sending the opposite message.

The yield's climb in recent days was likely triggered by bond dealers paring some of their holdings and fund managers making room in their portfolios as they prepared for the wave of new bonds on offer, investors said. Thinner trading volumes during August, which marks the summer vacation period in the U.S. and Europe, likely also contributed to the drop.

The U.S. this week is raising high levels of debt as it seeks to boost spending programs to engineer an economic rebound.

After issuing $48 billion of three-year notes on Tuesday, the U.S. government sold $38 billion of 10-year notes Wednesday afternoon at a 0.677% yield. Thursday's 30-year bond auction will total $26 billion.

Treasury yields are "clearly at a more interesting level now," said Laurent Crosnier, chief investment officer at Amundi's London branch.

"Valuations were very stretched, the market was pricing in too much bad news without taking into account the supply that was coming," he added.

—Sam Goldfarb contributed to this article.

10-year Treasury yield

Source: Tullett Prebon

U.S. Corn Supply Grows as Record Crop Is Forecast

By Kirk Maltais

The U.S. corn supply—already projected to reach near record levels—is continuing to grow thanks to supportive weather in the Midwest that has improved crop yields.

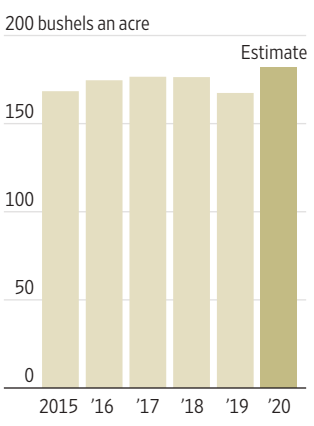
In its monthly supply-and-demand report released Wednesday, the U.S. Department of Agriculture said it expects 2020 corn production to total 15.3 billion bushels, up 278 million bushels from its previous estimate. The main driver of the uptick is higher yields per crop acre, which the USDA now projects to be at a record 181.8 bushels per acre.

"Today's report indicates that Illinois, Indiana, Iowa, Missouri, Nebraska and Ohio are forecast to have yields above a year ago, with record-high yields expected for Minnesota and South Dakota," the USDA said.

Adequate rainfall and consistent temperatures have allowed farmers to raise a healthy crop—in its latest weekly crop progress report, the USDA said 71% of the U.S. corn crop is in either good or excellent condition. That is up from 57% at this time last year.

However, the USDA report didn't account for the hurricane-force winds that battered the Midwest this week. The storm may have damaged as much as 300 million bushels of U.S. corn, according to Scott Irwin, head of the University of Illinois agricultural marketing department. "The question is how much of an impact, which is very hard to assess at this point," said Mr. Irwin.

U.S. crop yield for corn



Source: USDA

Despite indications corn supplies are building in the U.S., corn futures trading on the Chicago Board of Trade recovered their initial losses—with the most-active contract closing 1.2% higher at $3.27 a bushel. Before the report's release, corn futures had fallen more than 8% since July 1, due largely to the sentiment among grains traders of an impending corn pileup.

Most-active wheat futures on the CBOT finished trading Wednesday 0.8% lower at $4.91 a bushel, in reaction to report data showing that a decline in world wheat consumption will likely outpace supply cuts seen in regions such as the European Union and Kazakhstan.

"With the markets initially selling off and making new daily lows in all three commodities, we have stabilized a bit in corn and soybeans," said Michael Zuzolo, president of Global Commodity Analytics and Consulting, in a note following the USDA report.

The onset of the coronavirus pandemic in March stifled demand for corn for use as livestock feed or for ethanol production, raising worries about a supply glut. In its report, the USDA forecast corn stockpiles to rise to 2.75 billion bushels in the 2020/21 marketing year, up from the 2.65 billion bushels forecast last month. That is an uptick of more than 500 million bushels from last year.

Deals Site Brings FBI, SEC Review

Continued from page B1

investors that roughly a dozen ships that were collateral for the underlying loans disappeared across international waters. Investors in those notes haven't received payments in the amounts or time frames projected by YieldStreet.

The inquiries may not produce formal allegations of wrongdoing against YieldStreet. A spokeswoman for the SEC didn't respond to a request for comment. An FBI spokeswoman declined to comment.

One of the investors affected is Cliff Peek of Sarasota, Fla. The 58-year-old said he built a portfolio that allowed him to retire at 50, achieving the kind of financial independence that many YieldStreet investors hold up as a goal. Investments with YieldStreet put a share of his life savings in jeopardy.

Seeking uncorrelated returns to stocks, the former marketing and real-estate executive said he went from making smaller investments in YieldStreet to lots of up to $50,000 as he got more comfortable with the firm. He and his wife hold multiple notes backed by ship-breaking loans now in default, Mr. Peek said. "We believed we were getting diversification by spreading our investment across different loans," said Mr. Peek. "What was not disclosed to us was they went to the same borrower."

A spokesman for YieldStreet said it never identifies borrowers by name to investors. The firm is pursuing insurance claims and legal proceedings against entities tied to a shipping family to recover investor money from the shipping investments.

Mr. Peek said the FBI interviewed him about his experiences with YieldStreet.

YieldStreet is one of a variety of financial startups that have given people unprecedented access to alternatives to stocks and bonds in recent years. This democratization also brings new risks to savers and retirees.

YieldStreet is led by Michael Weisz and Milind Mehere, advocates for making alternative investments available to more people. YieldStreet and other crowdfunding sites have taken a growing share of money from investors and retirement savers that would traditionally go into stocks or index funds. Looser regulations for marketing investments online and investors' search for returns in a low-interest-rate era helped fuel their popularity.

Crowdfunding sites amassed at least $250 billion for real-estate and private-equity deals by this year, according to an estimate from Ian Ippolito, founder of trade publication the Real Estate Crowdfunding Review.

YieldStreet customers are accredited investors, which include people with more than $1 million in net worth or who make over $200,000 in a year. The firm used digital nudges in an attempt to hook repeat customers, including email reminders with animated timers that counted down the seconds before offerings opened up. Buyers were sometimes given a few days to think over potential investments, and the firm's most popular deals sold out in just seconds.

YieldStreet is among startups that offer access to new financial products.

As the pandemic upends the global economy, some of these alternative investments are souring. Unlike stocks and bonds that are traded on exchanges, the investments are typically more opaque and lock up investor money for years.

"We want the same thing our investors do: to get the money back because our people including founders, the management team, board members, friends and family are also invested in these deals," according to a firm statement in response to questions from The Wall Street Journal.

Recently, YieldStreet disclosed that 14.7% of the money investors plowed into the firm involved loans that wound up in default as of March. YieldStreet said its ability to pay investors relies on the borrowers behind the loans, and YieldStreet doesn't promise payments if the borrowers don't pay.

In recent months, YieldStreet investors have built a support network, sharing stories about the firm in online channels and their work as amateur sleuths tracing the flow of their money. In April, dozens sent a letter to YieldStreet executives questioning the quality of the firm's due diligence and seeking a fuller accounting of their investments.

According to court documents, the maritime loan money went to companies tied to the Lakhani family, which built a niche in the vessel-deconstruction industry. YieldStreet has been seeking to keep a freeze on assets linked to entities and members of the Lakhani family, alleging they fraudulently sold vessels, additional court documents show. YieldStreet has been in legal proceedings to seize another vessel in Malaysian waters.

"We strongly deny any allegations of fraud," said Muhammad Ali Lakhani, a family member, reiterating an earlier statement to the Journal. The statement said, "We have worked hard over 37 years to build a family business and have a good reputation which is being tarnished by these allegations and stories."

AUCTION RESULTS

Here are the results of Wednesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

10-YEAR NOTES

Applications	$114,147,525,100
Accepted bids	$60,600,624,700
" noncompetitively	$10,723,300
" foreign noncompetitively	$0
Auction price (rate)	99.498284 (0.677%)
Interest rate	0.625%
Bids at clearing yield accepted	79.91%
Cusip number	91282CAE1

The notes, dated Aug. 17, 2020, mature on Aug. 15, 2030.

HEARD ON THE STREET
FINANCIAL ANALYSIS & COMMENTARY

Grubhub's Merger Partner Has to Defend Its Lunch

Pandemic helped Just Eat Takeaway.com's sales, but is making rivals double down on food delivery

For **Just Eat Takeaway.com**, the opportunity presented by the Covid-19 pandemic may be better understood than the threat.

The European online food delivery company—soon to be the world's largest outside China if a $7 billion all-share offer for U.S. peer **Grubhub** goes through—said Wednesday that revenue in the six months through June increased by 44% at constant exchange rates, versus the comparable period of 2019. Order growth accelerated in the second quarter.

This is just the latest evidence that demand for online food delivery is skyrocketing as consumers stay at home and restaurants look to tech platforms for help. What may be less appreciated is that the crisis will also give loss-making competitors like Uber Eats reasons to fight longer and harder for market share.

At Just Eat Takeaway.com, the first half of this year has been exceptionally busy for deals. In addition to the Grubhub offer, Takeaway.com's purchase of Just Eat Takeaway.com was approved by competition authorities in April.

Even as a bulkier company, Just Eat Takeaway.com must work hard to defend its patch. The global food-delivery sector was already cutthroat, and the pandemic is only increasing competitive pressures. Last week, **Uber** said second-quarter revenue from its delivery business doubled year-over-year. With its ride-hailing business in serious difficulty, management is now more reliant on Uber Eats to fulfill a pledge to investors to generate positive earnings before interest, taxes, depreciation and amortization next year.

This year's tech rally may also have extended the length of time that investors are willing to fund cash-burning private competitors. In June, U.S.-based DoorDash raised $400 million in a funding round at a higher valuation than its previous whiparound.

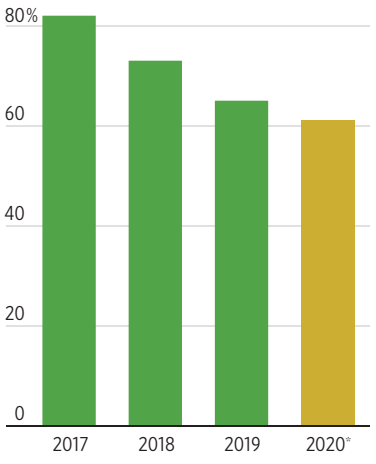
Just Eat Takeaway.com is planning "aggressive" investment in important food-delivery hubs like London, Paris and Sydney where competition is intensifying. Chief Executive Jitse Groen also thinks some of the new businesses acquired from Just Eat need higher marketing budgets and lower prices to remain competitive. He didn't say what this would cost.

With an adjusted Ebitda margin of 42% in the first half, the company can afford the fight—though it had a pretax loss in part because of deal-related expenses. But fending off rivals will be costly. Already the share of orders that Just Eat Takeaway.com must deliver to diners' doors—as opposed to more profitable orders that just link restaurants and customers online—is growing. A bigger delivery business lowered the company's first-half gross margin to 61%, from 66% a year ago.

Just Eat Takeaway.com's recent merger spree, as well as its better profitability, make it a formidable global rival to the likes of Uber. But the pandemic has also closed the door, at least for now, on hopes that competition for market share in food delivery will get less aggressive. Investors need to be happy playing the long game.

—Carol Ryan

Just Eat Takeaway.com's gross margin



*Six months through June
Source: the company

DAVID GRAY/AGENCE FRANCE-PRESSE/GETTY IMAGES

Some analysts see gold prices surging to as high as $3,000 a troy ounce by late 2021.

Gold Needs a New Catalyst

By the standards of recent history, the metal has already risen quite a lot

After a meteoric ascent over the past year, the price of gold has tumbled again this week, dropping back below $1,900 a troy ounce.

That hasn't fazed analysts. Bank of America, for example, has an 18-month gold price target of $3,000. Investors should be more cautious: The close relationship between real U.S. interest rates and gold suggests that the yellow metal needs a new driver to reach dramatic new highs.

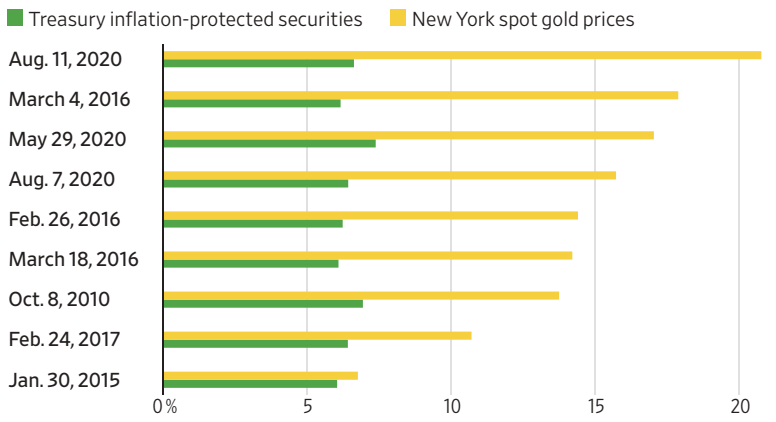
Over the past decade, there have been 19 occasions in which 10-year Treasury inflation-protected securities have risen by more than 5% in price—meaning that real yields are tumbling—over the space of 10 weeks. In each of those periods, gold prices have risen significantly, but never as much as the 21% they have increased in the past 10 weeks.

So by the standards of recent history, gold has already risen quite a lot.

The 10-year Treasury yield sits at 0.66%, implying that there is almost no expectation of any meaningful increase in interest rates over the next decade. The 10-year break-even inflation rate has climbed back to 1.63%, around the level at which it spent most of 2019 and just shy of the 1.78% average for the five years before 2020.

Real interest rates can certainly fall further, but unless there's a sharp change in investors' views about the inflation to come, the lion's share of the decline is likely to be over. So speculative investors must find something else to justify further increases in gold prices.

Change in prices over the previous 10 weeks



Note: Occasions in the past decade with the largest declines in real interest rates
Source: FactSet

The best argument that the yellow metal can disconnect from its relationship with the bond market comes from 2011, when gold prices moved far more sharply at times than the move in TIPS yields would have suggested, and when gold had already risen considerably in 2009 and 2010.

Investment advisory firm Cross-Border Capital believes the link between real rates and gold, to the extent that it holds, is confounded by a third factor: liquidity. It expects the surge in the U.S. money supply to push gold prices to at least $2,500—and possibly as high as $3,000—a troy ounce before late 2021.

Extreme shifts in markets—as now—are precisely when long-held relationships are stretched, and so it's impossible to write off such dizzying new heights entirely.

But if they are to be reached, gold's existing relationship with real rates will have to be stretched to the point of destruction. Bulls betting on big further increases should be aware that, as opposed to earlier this year, history is no longer firmly on their side.

—Mike Bird

Nautilus Is Pumped Up, Giving a Reason to Sweat

The rapid transformation of **Nautilus**'s fortunes resembles the scrawny character in those vintage fitness ads—from getting sand kicked in his face to having a physique that draws admiring glances.

Last summer, not a single analyst tracked by FactSet had the equivalent of a "buy" rating on the exercise-equipment manufacturer's stock. This year the Covid crisis, and no small level of exertion by management to fix its supply chain, have turned the company around. While **Peloton Interactive** gets most of the headlines in the at-home fitness boom, Nautilus is more profitable and has done better, with its shares rising eightfold so far in 2020.

Second-quarter results released Monday added to the market's excitement. Net sales rose by 94% year-over-year, and the company entered the third quarter with a big backlog. Hot items such as the company's Bowflex SelectTech adjustable dumbbells are in such high demand that they are sold out and used ones are on sale for around double what brand-new ones cost earlier this year.

The company cautions that a certain portion of its newfound popularity is temporary. Demand for its ellipticals, treadmills, exercise bikes and other equipment should continue to be high for a while as former gymgoers remain wary of strangers huffing and puffing potentially coronavirus-laden germs onto them.

Even a return to normal isn't the end of the story. Management estimates that 12% to 25% of gymgoers may never return—as good a guess as any. They reckon that even people who do go back to a gym might keep exercise equipment at home as a form of insurance against future disruptions.

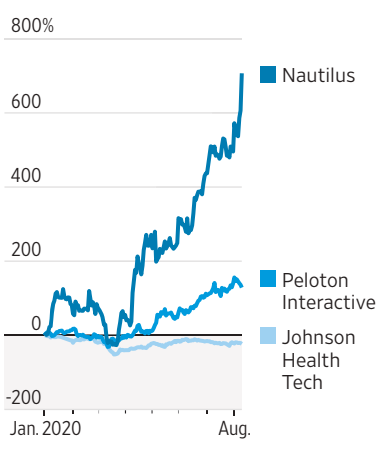
That still leaves open the possibility that the market will reach a saturation point. Fitness equipment is aspirational—a lot like gym memberships. Yet while inertia keeps many people who joined a club as part of a failed New Year's resolution paying the monthly fee, one can see a secondary market for home gym equipment and, unlike Peloton, not much in the way of recurring revenue.

There used to be more profit in higher-end equipment of the type sold to gyms that needs replacing. In 2015, Nautilus paid $115 million for Octane Fitness, which participates in that line but has run into trouble. The unit is now for sale at a thorny time.

At just over 40 times prospective earnings for this year and almost 20 times next year, Nautilus fetches a premium to many peers in the fitness equipment sector exposed to gyms.

And while both its equipment and its shares look reasonably priced compared with Peloton, investors shouldn't be fixated on just that leaderboard. *—Spencer Jakab*

Share-price performance



Source: FactSet

OVERHEARD

Tuesday was rough for Susan Rice, but the former national security adviser got a nice consolation prize.

Seen by many as among the favorites to be selected as Joe Biden's running mate, she was edged out by Kamala Harris on Tuesday. A step traditionally taken before running for one of the highest offices in the land—well, by most people—is to sell stakes in businesses that could create a conflict of interest.

While Ms. Rice didn't give a reason for doing so and had preset sales criteria, a form she filed with the Securities and Exchange Commission indicates that she exercised options granted her as a director of Netflix and sold them at an average price of $508.68 each on Aug 5, bringing in over $600,000. The shares closed at $466.93 on Tuesday when Ms. Harris's selection was announced.

CAROLYN KASTER/ASSOCIATED PRESS

Netflix was up by over 50% in the year to date last week and briefly overtook the value of media giant Walt Disney Co., so Ms. Rice's timing might be fortuitous. It sure was for Dick Cheney, George W. Bush's running mate, who sold millions of dollars of Halliburton shares in June 2000 and the rest of his shares in the company months later. The shares were above $26 that June, near a record, but dropped to barely $7 by 2002.

Inflation Gauge No Match for Fed's Dovish Turn

Prices jumped last month, but inflation would have to warm up much more for the Federal Reserve to even consider changing course. For investors, that is a green light.

The Labor Department on Wednesday reported that consumer prices rose 0.6% in July from June, putting them up 1% from a year earlier. Prices excluding food and energy items—the core that economists watch to better capture inflation's trend—rose 0.6%, marking the largest monthly increase since 1991. Core prices were up 1.6% from a year earlier.

The Fed's preferred inflation gauge tends to run a bit cooler than the CPI, so the risk that inflation breaches its 2% target anytime soon seems low.

Moreover, the coronavirus pandemic has made a mess of inflation measures, making it hard to discern what things might look like when the pandemic passes. For instance, used-car prices rose 2.3% on the month, but that is due to vehicle shortages and rising demand brought on by the pandemic that will likely change when the crisis passes.

What is more important for investors now isn't the hard-to-interpret readings that price measures are showing, but how the Fed is changing its views about inflation. The central bank is about to conclude a review of its policy-making strategy begun last year and appears likely to abandon its strategy of pre-emptively raising rates to prevent inflation from rising. Rather, it will allow inflation to run above its target, especially after periods of low inflation, aiming for an average rate of 2% over time.

The Fed is likely to abandon its strategy of raising rates to prevent inflation from rising.

Whether the Fed can actually accomplish that is an open question, but investors appear to be responding to the idea of an easier Fed. Strategists at Evercore ISI point out that this summer, as expectations solidified that the Fed will change its stance on inflation, financial markets have experienced a shift. Market-implied inflation expectations have risen, Treasury yields have fallen, the dollar has weakened, market volatility has declined and stocks have gone up.

Fed policy makers are widely expected to deliver their new framework when they meet next month. If they don't meet investors' dovish hopes, there will be trouble.

—Justin Lahart

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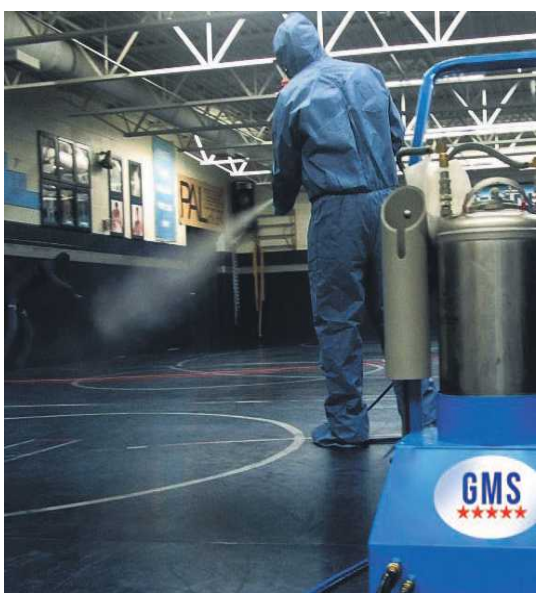

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